IN RE THE MEETING OF THE)

BAY-DELTA ADVISORY COUNCIL)

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ORIGINAL

TRANSCRIPT OF PROCEEDINGS

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(All parties present, the following proceedings were had at 9:07 a.m.)

VICE CHAIR McPEAK: Good morning, ladies and gentlemen. The Bay-Delta Advisory Council is now in session on September 10th, 1998. We want to welcome all of you here, members of BDAC and also the audience and public representatives who are joining us today.

We also have members of the CALFED policy group as representatives of the state and federal agencies, who are joining us today in part because of the increasing importance of our discussion around the draft framework, the common document that we're working off of here at BDAC and that the policy group and CALFED agencies are also using to try to bring together an approach that has broad base support, consensus support for the CALFED process.

So I want to acknowledge and welcome three members of the policy group who are joining us today. I've seen at least a couple of them in the room and I'm not sure if all of them are, but Patrick Wright who is often here from U.S. EPA, usually the federal -- the designated federal representative sitting here, so Patrick.

And I saw A.J. Yates who is the

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Undersecretary of State Department of Food and Agriculture earlier this morning -- A.J. is in the room, thank you.

And Walter Yep, who is Chief of Planning for the US Army Corps of Engineers. Is Walter Yep present this morning? Not yet. We'll welcome him in absentia in advance of his arrival.

I have just a few comments. One to share with you, that first, more than anybody else I regret the fact that our Chairman Mike Madigan is not here today. And I will try to fill in for him as best as I can and Lester and Mary have asked Eric to spell me when I get intolerable to you, or vice versa. So we'll expect that to happen.

I also want to thank the members of BDAC who testified before the Senate Select Committee, Senator Johannessen's committee, and they are Rosemary Kamei, Eric Hasseltine, Byron Buck, Alex Hildebrand, and I was one who was disinvited to testify. So if anybody else was in that category, I apologize. I had tried to get a -- first a large group to attend. But the four of you who did testify, we appreciate you doing so and I think that not only the chairman was present but also Senator Costa and Senator Rainey to listen to your remarks, so thanks for doing that.

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And lastly, I want to as sort of a matter of personal privilege or comment, thank Jack Foley for what I know was extraordinary leadership in negotiations between the Metropolitan Water District and San Diego since we last met.

Oftentimes in this water business, first of all you get very old if you stay with it at all; and secondly, people who make something happen are not often real visible and are surely unsung. And from where I sat, and knowing Jack was working around the clock at his home talking to everybody, including some of us who aren't residents of the Metropolitan Water District, he just did a tremendous job and made, I think, a major step forward for water policy and water management in California. Thank you.

Now, do you all have packets? And for the audience, if you don't have an agenda and background materials, they are available out as you came in. We are now going to turn to the draft framework. We have set aside literally this entire morning session to discuss this document. We have received comments from members of BDAC and the public on the framework. I thank you who did respond.

As you recall, we began two meetings ago agreeing this was going to be the focus of discussion,

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at least we would be continuing to use a similar document as it evolved, had a lot of discussion and comments at the last meeting, and today you're going to hear from Lester and Loren Bottorff about the comments and what is different about this draft. And then what I hope we will be able to do is engage in some real discussion and dialogue around where we've still got great gulfs of differences in the components of a solution and the approach to it, by talking about the various sections of this draft agreement.

Is that both a clear description of what we are going to do and acceptable to you?

Okay. Lester.

EXECUTIVE DIRECTOR SNOW: Thank you, Sunne.

First I want to remind BDAC that coincidentally with this BDAC meeting we have scheduled a public meeting this evening, actually in this room from 6:30 to nominally 8:30, but however long it takes to have discussions.

The reason I wanted to mention that, and certainly you're all invited to attend and listen and observe, we have had a couple of extra meetings in the Delta region. I think it's clear to everybody who has looked at this issue that the potential impacts of

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changes and anything related to the Delta are probably felt most immediately and perhaps most pronouncively in the Delta region. There's probably no other region in this state that has more heartfelt feelings about how we approach these problems.

We have had, as I said, a number of meetings. We hope this evening to try to explain how we think we have started to address some of the issues that have arisen in the Delta region, and also to ask their opinion on some of the issues that we are going to discuss this morning in terms of triggers and conditions and how we move forward and who makes decisions and that type of thing. So just a reminder that we will have a session here this evening, 6:30 to 8:30, and you're welcome to attend.

With that I want to kind of get into some of the documents that we have in front of you and some of the issues embodied in them, so let me move to the overhead.

They hid the microphone from me. Okay. Are we on?

First, I want to make sure we are referencing the same documents. In your BDAC packet there is a tab "Draft Preferred Alternative to Framework," and behind that tab are actually two documents, the

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August 5th framework document is how we refer to it. It is a 36-page document. And in front of that a three-page document dated August 14th that we referred to as the policy framework.

And I'll describe this in a little more detail in a moment, but the three-page document is one that has actually been acted upon by the CALFED policy group and establishes eight points that are considered to be foundational issues in order to move forward to a preferred alternative.

The other longer document is simply another version of the one that we discussed at our last meeting trying to update and respond to some of the comments that we have received.

In terms of discussion of this item, I wanted to break it up into three parts. I wanted to start first with talking a little bit about staged decision making and how we move this information in these documents into a preferred alternative, how it kind of fits together.

And then second, have Loren discuss the nature of the comments that we received on an earlier draft and the changes that we have made from that earlier draft, the July 8th draft, and where we are with this August draft, and just again trying to characterize

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the nature of the comments.

And then third, I want to get into specifics on the linkages and conditions. If you followed how we tried to develop an approach to preferred alternative, you know it's turning in an adaptive management program and we are trying to set up certain conditions, certain linkages that must be met before you move on to certain kinds of actions.

In some cases, some of these actions are not very popular actions and considered to be threats, and a good example is an isolated facility in the way it's viewed by a lot of Delta interests. And so it's real important to look at how we're structuring it, how we're talking about it, and we need to have input on that.

Let me start off with the basics on the staged decision making. And it is important to -- we first started discussing this we talked about staged implementation, and it's real important to understand we are not talking about simple staged implementation, we are talking about staged decision making; that there actually are decisions to be made in the future, not simply an issue of timing but whether you do something or not.

Now this is maybe an oversimplification but

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this is the basic structure that we have developed in the whole program to break up implementation of the CALFED, you know, 25 to 30-year program into stages, probably three stages. And you know we've put the most emphasis on defining of Stage 1.

The idea is that you have a monitoring evaluation program, adaptive management, you're constantly seeing how the actions are working and maybe you make adjustments. I mean the classic one we've talked about is that you're doing tidal wetlands and you're seeing you're not getting much response in the habitat that you wanted and maybe you adjust the program and you put more money into toxics control or screens to have a beneficial impact on fisheries.

But also what we have set up is these contingent actions where you're evaluating progress in Stage 1 or in Stage 2, and at some point you kind of declare it's not working and you need to exercise a contingent action and bring that back on line for further evaluation.

So this ends up being the basic structure: Constant evaluation, some things are simple program adjustments by changing the type of action such as tidal wetlands or toxic reduction, others can be a finding that you need to exercise a contingent action.

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So again, that's kind of the basic structure.

There's been a lot of focus on Stage 1 and you'll notice in these documents that we have some basic principles for Stage 1, since you were biting off a seven-year period of time. These are pretty important. Maybe they are subject to, you know, broad interpretation or misinterpretation, but I think that some of the intent is clear, or should be clear.

Stage 1 has to result in overall improvement in all of the resource areas. It's not like Stage 1 is reserved for two of the problems and we'll see what happens in the other two problem areas later. It has to provide water management stability which is another way of saying reducing conflict and providing some certainty to water management. Stage 1 has to improve conditions for listed and proposed species, which is a way that you get water management stability.

Also, we've set out as a principle that in Stage 1 implementation needs to be a mix of public and user funding. Stage 1 is also an opportunity to build information before you move on to Stage 2. I mean there are some bigger things that can happen in Stage 2 and so we need to make sure we are developing the right kind of information. And it's an opportunity to address the specific conditions and

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linkages with some of these big actions, and I'll get into that in little more detail later.

Now just as a reminder, if you flip to the back of the longer report, Section 3 is actually quite a number of pages of detail on the kinds of actions that are contemplated in Stage 1. These are the basic categories, and then in the document you see specific actions that take place in water quality or levees or ecosystem. But it's all of these elements, so this is how we are trying to deal with the issue, is we have to see progress in all of the areas.

Now, even breaking it down into seven years, people have started to observe, well, you can't really do all seven years all at once, that you have to start with some things that look like they are feasible in years one, two, and three and get those going and try to tie them together.

So you may have heard some stakeholders talk about bundling of actions in Stage 1, or as we show here, the idea of breaking it up into substages and actually in the first several years of the program identifying levy improvements, ecosystem improvements, water quality programs, some South Delta improvements that will be on those lists, link them altogether through project level NEPA/CEQA documentation so that

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you have improvement in all the resource areas moving forward in a discreet substage, and then you start additional actions to move on through this.

So this is a way of keeping things tied together. Increasingly we are hearing about stakeholders -- hear stakeholders talking about identifying actions that can move together. So I think you're going to see more discussion about what specific actions can be tied together and how can they start as soon as the document is certified.

Now let me just orient a little bit more on some of the documents and where we're headed. The policy framework document, this is the three-page document dated August 14th, has eight basic items in it including a -- kind of a declaration that we are doing staged implementation, staged decision making; that we need to see continuous improvement in all the resource areas, not one jumping out in front of another; that we will have staged implementation, there will be an assurances package, finance package; that Delta conveyance is in terms of a primary and contingent strategy; that water supply reliability or special storage is part of the program but it's linked to other parts of the program.

And something we haven't talked much about

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here at BDAC is that there needs to be agreement largely between the state and federal agencies, about actions and assurances for 1998 and '99, and you can think of that as the pre-final decision on the CALFED program. How are the projects going to be operated? How are you going to deal with the fact that the current accord that provides some stability has major elements that expire in December of this year. And so there is a list in that document of things that need to be resolved about 1999 actions.

Now in terms of the broader framework document, the 36-page document, Loren is going to discuss this, but basically we have a draft that we talked about at our last meeting. We received a number of comments, a wide variety of comments from a lot of different interests and that in fact was turned into the August 5th draft that you have. We have received comments since then which are not really inconsistent or significantly different than the comments that we received on the July draft, and Loren will describe this in a little more detail.

Now where we are headed -- now I'm almost talking about our October meeting, we are basically taking all of these documents of the framework document of August 5th, the policy framework, comments

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we received on the EIR/EIS, and comments we received on these framework documents, the program dates that we have been working on for sometime and some of you in the work groups have been working on, finance and assurances program, and that gets turned into a draft Phase 2 report.

You recall when we released the draft EIR/EIS we tried to boil things down into their essence, an easily understood essence, in something we called Phase 2 interim report. And so we intend to take this information and turn that into a revised draft of the Phase 2 report that will include a preferred alternative. You recall that the Phase 2 report that we put out in March did not have a preferred alternative in it. And so we expect that to be a public document on the 9th of October and then will be the major subject of our October BDAC meeting.

Now with that, I think I'd like to have Loren come up and talk a little bit about what happened here, what kind of comments we received.

MR. BOTTORFF: As Lester mentioned, the document we are talking about, giving you a little overview on, is behind the second tab in the packet. It's a revision since you last discussed it in Oakland back in July. That's what we're talking about.

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On the various versions that we have had from June through August, we've received about 25 to 30 comment letters on that series of documents. So as Lester mentioned, some of the comments we have already taken care of in this August 5th draft and there are some of the comments that still remain to be taken care of and addressed in the following drafts.

As part of the 25 to 30 comments, we have received -- in addition to the verbal comments from BDAC in Oakland, we received written comments from six members and they seemed to pretty much mirror the range and the type of comments that we received as far as the 25 or 30 letters that I mentioned.

In general, the comments -- some of them were very specific that we can -- word -- specific word changes that were suggested that we can go in and easily address. Many of the other ones are much broader, they're comments on the program elements themselves and some things that the work groups have been working on for several years that are still unresolved issues.

So basically some of the comments basically reflect the fact that we don't have a consensus yet and that we're still trying for that. So one thing that this document does, at least it's a focal point

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and discussion item that we can get some of those issues out and hopefully resolve them.

Some of the comments, the broad range that I talked about before that we don't necessarily address in this draft but need to get out on the table and address, are things like there's questions about the water demand projections and the water conservation projections that have been used in the document and how that might effect the selection of a preferred alternative. That is something that's going to have to be done outside of this document and hopefully we can get information to put back in.

But we are in the process of planning for a focus group that will look at those demand projections and conservation projections and look at the sensitivity of them, how -- if the projections change one way or the other, what type of effect might that have on selection of a preferred alternative. And so they're planning for some type of a focus group later in the month.

We have comments that kind of run the spectrum from one end don't have any storage at all in the program, clear to the other end that storage should be a common program. You know, in trying to resolve that in a document like this, we are trying to meet the

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middle ground and get something that accommodates, you know, basically everyone's interest.

So there is the economic analysis of storage that's progressing. It's kind of slow at this point but that's something that's progressing. And the way the document is laid out because we have conditions for storage, there -- we are trying to strike a middle ground between those two opposite opinions of either having storage absolutely in the program or having storage eliminated from the program. So we put together a set of conditions in the document that certain things have to happen before storage can occur.

The other ones are there has been comments that we need to have better defined linkages and conditions in the document. That's something we agree and I think that's something that Lester is going to talk about later and we're going to try to get your input to help us make those better linkages and conditions.

So with that, I think I'll just go and very briefly show some of the major changes in the document from July 8th through this August 5th version and then recognize that we still have additional things to do, go from August 5th to the next version.

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These are just the major adjustments. If you recall, the July version had three segments. They actually had one report and there were two attachments to the report. We have reformatted that so it's one report and the first section is the basic framework of the preferred alternative, what Lester was talking about staged decision making and that process. The second section of the reformatted report is the things that are expected to be available at the time of the record of decision and the certification, and then the final one is to give a sense of what the Stage 1 actions might look like.

Another change that was made is going from a seven-year program that was originally a period of time before the major facilities that were anticipated could be permitted, changing to a fixed seven-year period. It's basically the first seven years and whatever happens in that period.

We added a background section to the report to give the reader of the 36-page document a sense of the problems in the Bay-Delta and the ways that -- you know, the background in the Phase 2 report discussed it before. Part of that will go away as this document merges into a Phase 2 report. There will be much more background and context for the preferred alternative.

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We eliminated the emphasis on uncertainty that we had in the July document. The July document said that we were focusing on uncertainty on conveyance or uncertainty on storage and we have tried to replace that with more of an adaptive management discussion for each of the program elements, not just for ecosystem but for each and every program element.

We added some sidebars. You'll notice the boxes in the side that you want to keep those stakeholder concerns focused. Even though we have some wording on what we are proposing to do, we don't want to lose sight of the stakeholder concerns that we still have to consider.

And Lester had a list earlier of Stage 1, called them principles. In the document there is a list that's titled "In Order to Succeed," and there's a list of bullets. Initially we only had one or two bullets in there for the items to succeed and Lester basically showed you the whole list and that's in the document.

Originally in the conditions for the isolated facility, we had a whole list that was just linkages and conditions, and there were two of those linkages and conditions that were really -- we really considered were really findings, findings that would

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be made before we had to meet the rest of the conditions.

And so we -- one of those findings is that there is a public health concern that continues that can't be met any -- can't be satisfied any other way that could be one finding that could move you towards an isolated facility. You know, another finding could be that we were unable to recover fishery because of diversion effects. So we have separated those two from the rest of the list but still have a list of conditions that need to be met.

We had a groundwater -- or we had a surface storage and isolated facilities tie in one of the conditions, and we realized that that really wasn't a logical tie and so we basically have removed that one. We moved the tie between groundwater and regional surface storage and basically replaced that with a list of groundwater conditions that need to occur. We figured that the groundwater surface water tie that we had was really a way of trying to get at what the local concerns might be for groundwater. So rather than tie those together we have a separate list put together for groundwater.

And in an attempt to start defining some of these conditions in more detail, which you'll get into

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later with Lester, rather than having just a statement that we needed a high use of water use efficiency or high level of water use efficiency as one of the conditions for surface storage, we have started to define that by saying blank percent of acreages served under the irrigation districts need to have water management plans. You know, we need to help filling that in and making that more specific. Or blank percent of the population served by districts with water management plans need to be a condition of some type, what are those percentages and how can you help those make those better conditions.

Again, as I mentioned before, there were numerous word changes throughout the documents, specific changes that we made. When it got to the Stage 1 action list, there were -- really weren't too many comments or too many changes on that action list. There were a few that we started filling in some of the blanks, and some of the examples were water use efficiency. Before we had some mention of water use efficiency for the ecosystem but we've added a bullet that's a little more specific in referencing the refuges.

We had a blank storage, a groundwater storage south of the Delta. We have gone ahead and filled

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that in and we are calling it 500,000 acre feet of south of Delta groundwater conjunctive use storage.

The potential to construct surface storage in Phase 1 is a real possibility and we have that listed as one of the actions if the conditions were met. Unlike the previous draft of the report that had the seven-year stage being before the permits were drawn, we are saying if the conditions were met and they all fall into place and it makes sense to build storage, well, it's possible to go ahead and start that in Stage 1.

Under the isolated facility, we had wording in there before that referenced permitting for the isolated facility in Stage 1. Basically we have extracted that, taken that away.

So the next version of this that you see, as Lester mentioned, will be embedded in the Phase 2 report, the next one that we're putting together. So it will have -- the last Phase 2 report was in the neighborhood of a 160 pages and it did not have any reference or any specific reference to the preferred alternative since we didn't have one. This one will likely be two to 300 pages and have more of the background for the preferred alternative, it will have the impact analysis. And that's about it.

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EXECUTIVE DIRECTOR SNOW: Does anybody have any questions of Loren?

MR. BUCK: Going to your findings, particularly to the isolated facility, you mentioned that the trigger would be a future public health necessity to build it. You just indicated that it would be triggered only if we can't meet the standards any other way.

Is there any economics test as part of this? I mean we can spend, you know, millions and millions of dollars on treatment to treat essentially any water but would that be a publicly acceptable cost?

MR. BOTTORFF: That's implied on page 12, there is a reference to if it's economically infeasible. In the middle of the condition on page 12, the middle of the paragraph, the large paragraph.

VICE CHAIR McPEAK: Byron, what do you think would be a reasonable economic test?

MR. BUCK: Well, that's the question. I don't know that I have one now. What we know today is that if bromide disinfection byproducts standards go where they are going, to meet them with the current water we would spend about ten times as much as the

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cost of building an isolated facility. So you're talking about doubling or tripling water rates in urban areas to get that done without a better source of water quality, so that's probably a cost that I wouldn't think the public would find unacceptable.

VICE CHAIR McPEAK: So would you -- you can't conceptually sort of frame the economic threshold for what would be a trade-off. I mean, I can give you a response that I think would make sense but I'm trying to probe what you think would be a reasonable economic test.

MR. BUCK: Well, in the larger role one would think we'd do what would be cost effective, the less expensive thing to do, particularly if it does things like improve fisheries, rather than spend more money than we have to to meet a -- get a public health standard. There's a feasibility issue at hand here, too. There's simply in many areas where the treatment plants are large, it's simply unfeasible to do the kind of treatment you need to do given where we think the standards are going. So it's not likely to be just a matter of cost, based upon what we know now.

VICE CHAIR McPEAK: Okay. Actually we are taking questions and you probably should state your name, at least as we begin to ask questions, so

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that the recorder can get it on the record.

David Guy.

MR. GUY: Yes, David Guy.

You mentioned in the -- you were talking about the storage continuum that you have where there's obviously some who say no storage and others who say common -- it should be a common program. I guess I'm a little concerned with your comments that you're looking for some middle ground. I think that that's really inconsistent with at least where CALFED has been going all along on this because just looking at the storage issue alone is really not the right inquiry.

The real inquiry and the one that I think Lester has been saying all along, is don't look at one component, look at how it fits into all of the components. I mean, I think if you look at the ecosystem program from our standpoint, you know, we would probably have the exact opposite view of the storage component.

So it seems to me that when you put them all together, that's really the inquiry you need to make and that's why we believe that the storage must be a common program because in our view it's really no different than the ecosystem. It's a matter of degree

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and it's a matter of exactly how you do it, but it has to be there as part of this broad package.

MR. BOTTORFF: I think at least the way we have tried to craft the linkages and conditions, and you can help us modify those, we have -- we've tried to put the package together where there's a need for some water use efficiency and there is also one we say something like a high -- let's see exactly what is it here. It's the water transfers must be, you know, progress on water transfers and some of the other items, that that's an attempt to at least define linkages. If we can define what those are and how they fit together, that would be an attempt.

EXECUTIVE DIRECTOR SNOW: If I could add also, the way you described it is the way we're trying to structure it where it's all tied together and all these pieces need to move forward. To some extent, the term "common program" becomes meaningless when you go to a preferred alternative. At that point there are no common programs. You've laid out your actions.

So in this case, where we are headed is CALFED saying you need storage but it must be linked to progress in those other areas. And so I don't think that -- what you said just there, I don't think we're too far off of that. Now whether, you know,

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that's enough given the other positions that have been taken, I don't know. But I think we are in the ballpark of that.

MR. GUY: Yeah. I think that's encouraging, I guess, that when you say the common program terminology is meaningless. I'm a little concerned about that because at least it's my impression that the common programs, there's this kind of air about them that there is no controversy over them.

MR. BOTTORFF: Right.

MR. GUY: In our view there is as much controversy about the ecosystem program and the water use efficiency as there is about storage. And so I think somehow I think they -- you're right, the terminology is not really what's important. I think the fact is they all need to be considered on an equal field. And I guess I just encourage you to look at it a little broader than just trying to find middle ground on the views taken on the storage program itself.

VICE CHAIR McPEAK: David, would you elaborate on what you think is controversial around the common programs, and particularly the ecosystem restoration?

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MR. GUY: Well, I think we've been real clear from the outset on this that there is a pretty significant agricultural land fallowing component that, you know, could come out of that. So I think that --

VICE CHAIR McPEAK: There is not now in this proposal a significant land fallowing component. You think there might be, I'm just saying there is not now.

MR. GUY: How do you say that? I mean we are talking, what, at least probably 200,000 acres in the Delta? At least as we -- the most recent draft. Others may know the numbers more specifically than --

VICE CHAIR McPEAK: You're counting the -- what you think is the potential acreage of taking for or contribution to the ecosystem restoration, is that it?

MR. GUY: Absolutely. And I know there is going to be a report on that tomorrow on some alternatives that I think is real constructive in this regard. But I -- I mean I just think if there are some real significant components, I think we still haven't got into the idea of how much water is it going to take for some of these ecosystem programs and

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where is that water going to come from?

I mean I think there is a lot of controversy surrounding this and I think all of us have bought into, yes, the concept that we need to improve the ecosystem, yes. But how we are going to do that in the magnitude that we are going to do that, at least unless I'm missing something, is very controversial.

VICE CHAIR McPEAK: I have another follow-up question because I think it's probably -- it's going to be threshold in terms of this framework.

You asked the difference between common program and what we had been calling variable. And in theory, what we were trying to mean in distinction was stipulating to the fact that maybe there is differences of opinion about what should be in that common program, that regardless of the alternatives which talked about different facilities, that there was going to be a set of actions that did not vary from physical facility alternative to physical facility alternative.

That is what was meant by common program. And I'm hearing you say, and you've said it before and I'm just trying to better understand, that you think still some of those elements of the common program are

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controversial. But I'm trying to just share back with you what was supposed to be the distinction between common program and variable components.

MR. GUY: Okay.

VICE CHAIR McPEAK: Second thing I want to ask, why would you build storage if you don't need it?

MR. GUY: I'm sorry. I didn't understand that.

VICE CHAIR McPEAK: Why would you build storage if you do not need it?

MR. GUY: Well, I don't think -- if there's not a demand for it, then, you know, so be it. But we haven't got to that point where we have even been able to test that. I think it's real strange that we are talking about reallocating water away from certain users and then building storage after the fact, when in fact we can build some of that storage to avoid having to reallocate that water in the first place.

VICE CHAIR McPEAK: Okay. The flip side of that question is -- because you just said to me an approach that sounds pretty similar to mine, personally, but the flip side of that question is: If there is certainty as to the conditions under which

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you make the decision for storage, why would you be uncomfortable with this approach?

MR. GUY: I'm not sure I'm uncomfortable with the approach as long as it's on a even playing field. I guess what I'm hearing Lester saying is that they are more or less on a level playing field. If that's the approach then I think we're comfortable with that. But the documents I'm not sure are reflecting that.

EXECUTIVE DIRECTOR SNOW: If I could add, I think that that discussion is exactly what we want to get into this morning to describe where we are with our findings and with our conditions and get some better input on it because what we clearly have set up is that to pull the final construction permit for a new reservoir, you had to have checked off certain things. It's -- the current language is a high level of water use efficiency, demonstrated progress on transfers.

And so that's what we actually want to discuss today, is whether that's on a level playing field or it's tipping the table one way or the other or if it's good public policy, which obviously is where we want to end up.

MR. GUY: Was that the question you were

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asking? I guess maybe I misunderstood it then.

VICE CHAIR McPEAK: I didn't ask it as clearly as Lester did.

MR. GUY: Well, now it's all coming together.

Well, I mean, I guess -- there still is a concern of why do we have to have certain components come before others. It seems to me that they all fit together and they all move alongside with each other and that we all recognize that there needs to be, of course, more efficient water use and there needs to be water transfers, but I don't know why those have to be a condition precedent to storage.

I mean, there again is a real question of does efficiency mean, you know, true efficiency or does it mean reallocating water? If it's reallocating water before you have storage, that makes absolutely no sense in our view as matter of public policy.

VICE CHAIR McPEAK: Okay. I think that may be an important one, the issue of reallocation versus efficient use and I want to come back and have some more discussion and respond to that. But we've got people who now want to talk, okay?

Roberta, Stu, Alex.

Roberta.

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MS. BORGONOVO: My comments will not be a surprise but one of the things that I appreciate CALFED is trying to do is to cut the middle ground, but we have made this point before, it seems that we should be making progress on meeting the water quality objectives.

So again going back to surface storage, from my perspective the objective we are trying to meet is to meet water supply reliability, and it's this linking of surface storage with water supply liabilities is an absolute that is a problem for us.

I've just checked to see if it's reflected in my comments on this draft preferred alternative which I had submitted and also to the environmental water caucus of which I was one of the signatures. But part of the problem has been that surface storage has always worried people who worried about the ecosystem and restoring the natural hydrograph because you can't -- you are building dams, you are taking more water out of the system for this storage.

So on page 14 if it were to read this way: Surface storage -- new or expanded surface storage will not be constructed if the following conditions happen, and it's under A it would be, a high level of water use efficiency is not achieved; B, demonstrated

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progress is not achieved in the water transfer framework, demonstrated progress and groundwater conjunctive use is not achieved, so that you have the incentive to have those programs go forward. That's always been a worry.

I think that I have heard from the -- especially the water users in the Sacramento Valley, that there is this worry that without the surface storage they don't have the assurance they need. From our perspective, it's not taking it off the table but it's sort of turning it around so that there isn't the incentive to move towards surface storage, it's an incentive to do these other things. Perhaps they will meet the water supply reliability, perhaps in the discussion on the ecosystem program and the discussion on what happens in the Delta as far as land use, if that can begin to satisfy some of the water supply reliabilities for the agricultural sector, that just seems to us a better way to go.

VICE CHAIR McPEAK: Did I hear you right to say you want to change the wording on page 14 --

MS. BORGONOVO: 14, right.

VICE CHAIR McPEAK: -- to say that the conditions would read: Storage would be done if these things are not achieved?

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MS. BORGONOVO: No, no. New and expanded storage would not be constructed, and then you would go down, if high level water use is not achieved, unless high level is not achieved, not achieved, not achieved, so that there's an incentive to do that. And then you see if you need the storage, it's really the on-ramp approach that is being used for the isolated facility.

VICE CHAIR McPEAK: And if that were the case, would you be objecting to moving forward to investigate the feasibility of storage at the same time?

MS. BORGONOVO: It's really when you make the decision and I think that we have all been consistent in hoping that the common programs that don't include storage in advance are in place, there's progress made and then you see if you need it. And so that's been part of the debate going on within CALFED for about three years now, but I'm just telling you my perspective.

VICE CHAIR McPEAK: Right, and if I'm understanding correctly, that means an additional time delay even if the conclusion were that storage is needed. You would not even support doing the homework in the interim.

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MS. BORGONOVO: I want to make sure that -- maybe Patrick can explain if I'm using on-ramp and off-ramp correctly. But when you talk about the on-ramp approach, it does mean that you don't make the decision for five to seven years out while you were making this progress. It's not that you would not hope to see the water supply reliability objective met, it's just a different way of approaching it and it's a different incentive.

It's really putting the burden of proof on those programs on the administration to make sure that those performance standards are in place and they are met, and then you go back and evaluate whether you meet surface storage. It's the presumption that you need surface storage now that's the problem.

VICE CHAIR McPEAK: The terminology that I believe is being used in terms of on-ramp, off-ramp is that the surface storage actually has an off-ramp. And what that means is that it's on the table and you only take it off under certain conditions.

MS. BORGONOVO: Exactly. And I'm suggesting the opposite.

VICE CHAIR McPEAK: Right, I understand. I'm trying to figure out the same hard question or parallel hard question to pose to you as I did today

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to David, trying to understand why there is that level of discomfort of investigating the feasibility of storage, while all of these other things are being done. What is the danger that you see?

MS. BORGONOVO: I guess it's the danger that the agricultural community sees in not having it. There's no assurance that there is the incentive to do that. In other words, what -- the promise is that if you meet all of these conditions, you get the storage.

VICE CHAIR McPEAK: Correct. And what is the problem there?

MS. BORGONOVO: The problem is that --

VICE CHAIR McPEAK: Pretty strong incentive to accomplish that.

MS. BORGONOVO: -- you still have an incentive to not maximize those programs, and I think that it's the same question you asked David in reverse. So that's my perspective.

VICE CHAIR McPEAK: Okay. Thanks, Roberta.

Stuart.

MR. PYLE: Stu Pyle representing Kern County Water Agency. And I have a number of comments to make today and it's really difficult to figure out how to make them in the context of which document is

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being discussed here.

We started discussing the three-page policy documents so I think I'll try to make a couple of comments on that one. As it -- as the items are listed there, some of these items track through the policy document, the framework document, the Stage 2, et cetera, et cetera, so it's kind of hard to keep track of all of these.

But I wanted to follow up basically on the same item that we're discussing on the policy document, Item 2, continuous improvement in all resource areas. And I would certainly endorse that. I think that's the item that we have to move in on. That's part of what we call getting better together.

I'm a little concerned that this policy framework is not specific as to all of the items that are included in continuous improvement in all resource areas. Lester, to explain this, made reference to another item that was found back in Stage 3. Why isn't that up here in this? Why are you limited to three pages in this document to not fully explain what are all resource areas.

It lists there ecosystem, water quality, levee system integrity, water supply reliability. It leaves out some of the others like the water use

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efficiency, the items under the -- under the conveyance and so forth which are discussed in here, but it seems to me that right here where you talk about the resource areas, you should spell them out that that should include water use efficiency, it should include the storage, et cetera, et cetera, everything that's on that long list that was referred to.

Otherwise you have a blank when you get all the way through this first three-page document. You really don't talk anything about ecosystem restoration. You don't talk about water quality, levees. You don't talk about water use efficiency. You don't talk about transfers. And how do we know those are part of the programs that the policy group from the agencies had said they are endorsing? They just don't have it there.

And I don't know if you want to talk about that or if you want me to continue on my concern with this document.

VICE CHAIR McPEAK: On just that point, Stuart, I guess I'm a little confused.

MR. PYLE: You read this stuff, it will do that.

VICE CHAIR McPEAK: I'm always confused.

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The first three pages we were attempting to work off of because I thought it might be easier. The following 40 pages is an elaboration on the first three, you know, we were trying to get agreement and --

MR. PYLE: Yes, but we didn't say everything in the first three that we're going to talk about in the next 40.

VICE CHAIR McPEAK: Okay. Is your concern though, I thought that you just said in the first three, Item No. 2, continuous improvement in all resource areas, you think that the five listed there are -- I guess there's four -- are inadequate, they are incomplete?

MR. PYLE: Yes. Between that and as you read all of the three pages, we never talked about water use efficiency, water transfers, conjunctive use, storage, et cetera. Storage may be in here someplace in the bottom line, but I don't see it in there.

VICE CHAIR McPEAK: Right.

MR. PYLE: But I just think if this is the policy that the agencies are adopting, that it's quite limited; that it is not the full program that is described in the long list. Lester put up a long

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list. He said look back under some page on page -- in Section 3, and you get the long list of items.

VICE CHAIR McPEAK: And that's because it is -- I believe, Lester, it is assumed by the CALFED agencies and the policy group that implicit in this three pages and the eight points is the common program.

EXECUTIVE DIRECTOR SNOW: If I could testify --

MR. PYLE: Let me say just one more thing about why I think all of these things should be in there.

I'm also disturbed, as Roberta knows, that there is the continuing effort to establish conditions that these things must be done, let's say in water use efficiency or transfers or something, before you can move ahead in storage or conveyance or something else.

And I think that the program we're embarked in is so broad and moving, I think the situation regarding California's water supply is so serious, that we need to identify every strategy that can be done throughout the -- whether it's the seven-year period or the ensuing 23 years, that can be done and pursue it to the utmost without regard that somebody is holding back here or holding back there; but to

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dedicate the positive resources to accomplish every one of these things without trying to establish conditions, but to come right out front, identify the items that we're going to move ahead with in California for these next years and get a positive program moving on each one of them and name them all in the beginning and then continue to work them through.

VICE CHAIR McPEAK: That's a comment to you. Do you want to further respond, Lester?

EXECUTIVE DIRECTOR SNOW: Well, I mean Stu has said a lot there.

MR. PYLE: I have more things to say, too.

EXECUTIVE DIRECTOR SNOW: Stu, I'm not shocked.

I mean I think some of these things we want to get into in detail in terms of these conditions and linkages, but I want to get back to the first issue.

First, the three-pager is not an executive summary of the 36-pager. It is eight items that the CALFED policy group have acted on to say are foundational to moving forward with the preferred alternative, so it's not intended to summarize.

The phrase "resource areas" is one we've

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been using for a long time to be synonymous with the four problem areas. There are four resource areas: Water quality, levees, ecosystem and water supply reliability. We have eight program elements that go to resolving the problems in those four resource areas, and so that's the reference to resource areas.

VICE CHAIR McPEAK: Which is the eight -- or the sixth common, what are now the common program elements, storage is seven and conveyance is eight.

EXECUTIVE DIRECTOR SNOW: Correct.

Now, I guess in terms of the storage issue that Stuart has laid out, we do have it set up in Stage 1 as that you start on day one moving forward on all those things, doing, for example on storage site screening, environmental documentation, evaluation, site selection, 404 compliance. But when you get to the last step, you have to go back and look to see if you have made progress in the other areas.

So it is isn't do them first, it's make sure you have done them right when you get to the point of pulling the permit. That's the way we have it structured in here. And probably the most important discussion that we could have today are what are those conditions?

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I mean, whether you term those phrases to all negatives or all positives, you still have to resolve problem what are the conditions and who is going to make the decisions? And that's what we need to get to, rather than further arguing about should storage be in or out. We've got a proposal of how we think we can do both and make progress on both and we need to get down to the specifics of what are the conditions, who is going to make judgments on those conditions, and how do we move forward?

VICE CHAIR McPEAK: Thank you.

I've got people in order and I'll add you to the list. I think, Lester, that's a -- that's a very good comment to try to inform the process in this dialogue. As a matter of process, I would like to observe respectfully that the issue of storage has certainly become the new lightning rod; it has become pretty much the symbolic battle and line in the sand, and a later time I would like to share with you some comments from at least one business organization as we view it.

I'm looking toward, I'm trying to ask you the questions about how you think this gets resolved because I don't see any prospect evident today and certainly no behavior in the last 60 days in

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California that suggests it's going to get resolved.

So I was hoping that there would be, you know, some greater leadership or insight or some breakthrough in suggestions, but see if you can't think harder as you're speaking. I've heard all of this before.

Alex -- do you want to finish up, Stuart? Sure.

MR. PYLE: Yeah.

I'm not -- my comments are not about storage specifically. My comments are about the presentation of the documents.

VICE CHAIR McPEAK: Okay.

MR. PYLE: When we get to the Stage 3 document, I like practically everything in and about the Stage 3 document. But I'm not talking about the Stage 3 document right now, I'm talking about this framework document as being -- this policy document as being presented and this framework document as being presented, and I think they are not consistent with the Stage 3 document. And that's why I'm critical of them.

VICE CHAIR McPEAK: Very good formatting.

MR. PYLE: I would like to go on in

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length about the framework document but I know you've got other people here.

VICE CHAIR McPEAK: Well, I'm going to come back and start with you when we move to the framework document and only -- and take all those people who think it's the place we should begin, but you're first on the list.

Alex.

MR. HILDEBRAND: I'd like to build on what David and -- Alex Hildebrand, incidentally. I would like to build on what David and Stu have said here, and I agree with Sunne that this storage question is kind of a make or break thing. We've got to resolve it.

I think part of our trouble is all these fancy words we use that mean different things to different people. For example, on the screen now you're talking water supply reliability. As we've discussed before, that can mean reliably less rather than reliably adequate. So it means different things to different people.

And this business of what is a resource area, I don't know how you sit down to dinner and decide that the agriculture which supplies your food is not a resource. It would seem to me that there is

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some obligation here when we say that we're going to improve all resource areas, that the CALFED should delineate just what improvement there is going to occur for the environment during Stage 1, what's going to occur through agriculture, et cetera. And in the case of agriculture, the answer to that is going to depend a whole lot on this very issue of storage.

If you decide you don't build storage and you take care of the environment and the urban needs by transferring water from agriculture to those needs, you sure as heck aren't going to come up with improvement for agriculture.

If you look at storage, it seems to me that's a misnomer. I've said before, we -- our object isn't to have storage; our object is to increase the overall water supply and yet we never talk about what is the yield we're going to get as part of the program, rather than how many acre feet of storage and how much multiple use can we make of that yield depending on where you get it and how you get it and when you get it. And if the same yield can serve a number of purposes, that's fine. If it can't, it isn't very good.

Basically, the only way you can increase the overall water supply as we have discussed before,

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is to capture what -- your waters that otherwise would go out to the Bay in flood spills. Now, there are those who think that's good to have it go out, but nevertheless that's the only source of water we have. And if we put in the plan methods of capturing that water that are inefficient, that provide essentially no flood protection and that are power consumers rather than power generators, it's a mirage; it won't get built. So we delude ourselves by putting that kind of stuff in the plan and it won't occur.

So I think that we've got to get down to basics here of is agriculture a resource or are we going to sacrifice it? If we're not going to sacrifice it, we're going to have to have storage and it better be an efficient kind of storage that can actually be built.

VICE CHAIR McPEAK: Alex, would you characterize your position as largely against or largely in favor of the framework document?

MR. HILDEBRAND: Could you repeat that? I didn't --

VICE CHAIR McPEAK: How would you characterize your position today with respect to the framework document? We have had a presentation on the three pages but I'm asking now on the framework

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document, are you largely for it or largely against it?

MR. HILDEBRAND: I think it's too ambiguous, too uncertain just what it means.

VICE CHAIR McPEAK: Okay.

MR. HILDEBRAND: At some point in time I want to talk about the triggers, but I don't know whether you want to go into any of that now or later.

VICE CHAIR McPEAK: I don't, thank you. Mike Stearns.

MR. STEARNS: Thank you. Mike Stearns, and I would like to start by commending you on all the efforts that you continue to do to develop this.

I think this framework does lay out a good program. At least as we continue to proceed, to me it's the conditions, it's the goals that have to be set are really what we are all asking about. But as we read through this, I think all of us find some things that are missing and one of them I use as an example is where you talk about conveyance at an isolated facility wouldn't be required unless there is fishery recovery or public health. To me, a big concern for exporters is the stability of the Delta.

Is that something that's just understood would be part of a decision for an isolated facility

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if studies continue to show that that's a real possibility, or is that something that needs to be specified in this framework?

VICE CHAIR McPEAK: Would you elaborate a little bit on that, Mike? When you -- you're talking about the stability of levees, is that what you're talking about as a contributor to water quality and how that relates to the conditions under which isolated conveyance would be constructed?

MR. STEARNS: Yeah, we've had a presentation on the levee stability study and so forth. It was my understanding that that's going to continue, that there is still more to learn about the stability of the Delta levees and the whole system and movement of water.

If further studies showed that an isolated facility would be key to establishing the assurance of being able to continue to move water, isn't that something that should be listed here as a trigger for an isolated facility besides public health and fisheries, or is that something that's so basic that it would be understood that that could happen without it having to be spelled out in this document?

EXECUTIVE DIRECTOR SNOW: Let me respond to that.

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VICE CHAIR McPEAK: Levee stability is one of the common elements.

EXECUTIVE DIRECTOR SNOW: The issue of what I would call seismic vulnerability for water supply is something that in an early draft it was listed as one of the potential trigger mechanisms. It is not in there now, and so it is not something that would be that automatic contingency trigger mechanism like public health or fisheries recovery.

And the rationale was simply that in the long term you can try to take actions that reduce seismic risk by improving the quality of the levees and investing in the levees and that perhaps south of Delta storage, San Joaquin Valley storage is also an effective buffer against that risk in that you have enough storage in case of catastrophic failure, and so it was not included.

And I guess I want to point that out that that wasn't an accident, that was actually discussed and subsequently removed as a trigger mechanism.

VICE CHAIR McPEAK: Mike, how would you -- I'm going to keep trying to ask the question as a maybe awkward way of probing everybody's thoughts -- how would you characterize your position vis-a-vis the framework document. Would you say you're largely for

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it, largely against it, or it's too ambiguous, the third category that Alex in now in alone?

MR. STEARNS: Well, I think it's moving in the right direction to develop the guidelines that we need to eventually establish the goals. I think that's what we're all asking when we talk about whether you need storage and how you define when you do, it's the goals and the assumptions people are going to make.

Water use efficiency is a big concern for us and until we know what people's expectations are as to how much water they think is going to come from water efficiency, we have no idea what sort of a role that's going to play in this whole thing until those goals are set and we then try to obtain them. So the actual conditions and goals to me are the things that are going to be the big concern. I think this framework is the way to lead to establishing those.

I'm like Alex, for us, I don't know if we've said clearly enough all along that for us to be here in this process we clearly are here for the ecosystem restoration, but we expect in this Stage 1 that we are going to recover some of the water we have already lost. If this is just a process to kind of slow down the bleeding, then this doesn't work for

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agriculture in our opinion.

VICE CHAIR McPEAK: Byron.

MR. BUCK: I'll come back into the storage question. Roberta stated storage is just about reliability and that's just not the way this program is laid out. It's certainly for reliability in some sense but it's also for the ecosystem restoration program. Storage is being used to store the natural hydrograph, so it's an integrated program that we've got here. It's not just a single issue that storage is addressing.

VICE CHAIR McPEAK: For the record, Roberta didn't say that storage is about reliability. She said our goal was about reliability.

MR. BUCK: Well, but our goal is also about ecosystem restoration.

VICE CHAIR McPEAK: That's right. I'm just trying to make sure you're not misinterpreting her remarks.

MR. BUCK: I stand corrected, yes.

Certainly it's going to help us make conjunctive use possible. It's going to facilitate transfers. Because both of those, you've got now a place to store water when it's available to put it to use when you need it.

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I think you hit on the fundamental point, this need for storage question has got to be resolved. And the question I've got for staff is are we going to resolve this aggregate need for storage issue in the programmatic phase, that is, by the end of the record of decision on this document, or is this all being pushed off into Stage 1 and we have the endless deluge of arguing about whether storage is needed or not.

VICE CHAIR McPEAK: I can assure you that this process will blow up, it will not go anywhere if it is not resolved now. So that's why I'm engaging.

MR. BUCK: And that's your answer, but I guess I'd like staff to respond as to where the policy group --

VICE CHAIR McPEAK: That's true, you're right.

EXECUTIVE DIRECTOR SNOW: What she said.

I agree not only with Sunne's point which is kind of called the stakeholder politics of this, I think we have to resolve this issue, but also from a technical standpoint we're doing a programmatic document and we need to make a programmatic decision about storage.

MR. BUCK: In a 404 finding in that

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regard.
EXECUTIVE DIRECTOR SNOW: Programmatic 404 finding. Let me clarify for those that may not be techie to follow 404.
404 is typically the national permit you have to get if you're going to construct a reservoir and it requires you to select the least environmentally damaging practical alternative, that's the phrase from 404. And it means you look at different alternatives that you could do to meet the purpose of project, and you look at different sites that would be available.
What we expect to happen at a programmatic level when we certify this document is that we have made a programmatic 404 finding that storage is an integral part of the water resource strategy in CALFED. What that leaves to subsequent work in Stage 1 is finding the least environmentally damaging of the sites that are available to you.
So you've gotten 404 out of the way in terms of the purpose and the need for storage and its role. What is left is the site specific differentiation.
MR. BUCK: How much laid out at least in a range terms to fit the program needs? You know,

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500,000 to a million or is it a point that you're -- that would be targeted?
EXECUTIVE DIRECTOR SNOW: It would not be a point.
MR. BUCK: But a rough range as what -- where we've got the program now?
VICE CHAIR McPEAK: Just maybe as a matter of --
MR. HALL: I didn't hear the answer to that question.
EXECUTIVE DIRECTOR SNOW: A range.
VICE CHAIR McPEAK: It's a range, and the timing on that, I just want to say that I'm not sure that getting to a 404 decision in the time of record of decision is going to reconcile with some of the conditions you have here. I'm just -- can you lay out how you think we're going to have known the -- reach the real potential on conservation or other efficient water use?
EXECUTIVE DIRECTOR SNOW: We would expect to try to have a programmatic 404 decision that coincides with the record of decision.
VICE CHAIR McPEAK: And that -- you expect the record decision to be the end of '99.
EXECUTIVE DIRECTOR SNOW: Correct. But

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you can codify in your 404 decision the linkages, I mean, so that's -- that does not negate the linkages.
VICE CHAIR McPEAK: Okay.
EXECUTIVE DIRECTOR SNOW: The conditions of 404.
VICE CHAIR McPEAK: All right.
Next on the list is Richard followed by Jack, and then I'll see if anybody else wants to comment before coming back to those who have already.
It's Richard first and then Jack. Richard followed by Jack.
MR. IZMIRIAN: Richard Izmirian.
Alex is suggesting that water supply reliability means reliably less, but the document talks about it being a reducing of the mismatch between supply and demand which basic economics taught us is where those two slope lines crossed on a graph. This begs for a market base solution, i.e., water transfers --
VICE CHAIR McPEAK: Would you like to elaborate on that?
MR. IZMIRIAN: On Economics 101?
VICE CHAIR McPEAK: No, on water transfers and water marketing, I'm interested in the subject.

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MR. IZMIRIAN: Well, when we're talking about a mismatch, usually the mechanism to match supply and demand is a market that's based on where price determines the slope of those curves and you end up with a meeting of supply and demand.
There are some people here who seem to be suggesting that water supply reliability should be an entitlement and therefore a certain amount of storage has to be built in order to serve that entitlement. Some of us might suggest that that's why there is a mismatch between water supply and water demand.
I would just like to see it clarified whether we are talking about an entitlement or some other way of reducing the mismatch between supply and demand, and that could be very important in developing our linkage and whether this whole storage question has to be linked to the reducing this mismatch, or are we talking about linking to it the transfers and creating a market.
VICE CHAIR McPEAK: And how would you better match up the supply/demand equation in the document? Is it the linkage to a water market?
MR. IZMIRIAN: The linkage -- the way I believe that the document is defining water supply reliability, which is reducing the mismatch, is best

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served by linking it to the creation of the market, not by creating necessarily storage to serve the mismatch.

VICE CHAIR McPEAK: Okay. Do you think that the linkage to the market is inadequate, that's what I'm trying to understand.

MR. IZMIRIAN: Yes.

VICE CHAIR McPEAK: You do.

MR. IZMIRIAN: Well, I think that this really depends on understanding what our definition of water supply reliability is.

VICE CHAIR McPEAK: Okay, that's good.

MR. IZMIRIAN: Is it reliably more or reliably less or is it what it says here, which is reducing the mismatch between water supply and water demand.

VICE CHAIR McPEAK: Lester, would you like to comment on the -- your working approach to the term reliability?

EXECUTIVE DIRECTOR SNOW: Yeah, I'll try to and it will probably be a little bit unsatisfying.

I mean life used to be easier in water circles. You know, in the '50s and '60s you'd do a classic calculation of yield, and classic calculations of yield now are almost irrelevant and it's because of

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the need to manage a system on kind of a risk basis in terms of dealing with endangered species and fish flows and you have certain probabilities.

And actually today in terms of the water market you buy water in the Sac Valley, you have a certain probability of being able to transport it across the Delta if you want to use it in the south of Delta. So it really ends up being a probability table and so that's often where the exchanges end up being divisive but not fruitful because we're arguing about yield and those calculations are almost meaningless.

Actually you don't find either the state project or the CVP project run on any fundamental basis. It's kind of a risk of supply and how much you're likely to get in a certain time period, and so that obviously complicates the issue of water supply reliability.

And let me throw up here an incomplete work, and I don't know how legible that is. What we have realized as we have gotten into some of these discussions is that we have implicit in our program an integrated water management strategy but it's not explicit. I mean we have not really spelled out -- we have one section in the existing Phase 2 report that describes the high variability and how meaningless

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averages are and we try and get at that issue, but then we don't go on and explain what the fundamental CALFED strategy is.

And so what we started to identify is that there's some fundamental water management objectives. And so you could even -- you could label this water supply reliability or management reliability and it often -- the argument takes place down here increase supply availability and it often gets argued about as average, which is rarely when you have the need, it's really a drought. But there's all these other issues, increasing supply predictability, same amount of supply but it's more reliable.

So what we've tried to build is that there's no one tool, you can't build storage and deal with all these issues. You can't do conservation alone and deal with all these issues; that there actually is a matrix of water management strategy that each piece performs a different function. And having better water quality increases the utility of water supply. It's more easy to recycle it and reuse it.

So we're in a process for this next draft of the Phase 2 report to play off of what we started in the last Phase 2 report and try to move forward and explain exactly when you're trying to decrease drought

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impact in terms of fisheries flows or ag and urban water use, which tools perform what service. And they are quite different. An ultra low-flow toilet in an urban area impacts these differently than groundwater storage does, depending on how you operate it.

And so we're trying to build this to better answer these fundamental questions about water supply reliability and the trade-off between tools.

What's happening, and we see it here today, people want to make certain things absolutely equivalent. You either do one or the other. We are saying when you start looking at the functions, it's a lot more complicated than that. Perhaps a lot less satisfying because it's harder to argue about, harder to explain, but this is more the reality.

If we had average water supply and demand in California, we wouldn't be here. The fact is we never have average, we always have way below average where we end up diverting 60 percent of the water supply, or we have way above average where we divert maybe 20 percent of the water supply. Very different circumstances, and that's why you have to end up getting into all these different tools.

I don't know if that was responsive or not, Sunne, but I think that's kind of where we are on this

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issue.
VICE CHAIR McPEAK: Richard, how would you characterize your position vis-a-vis the framework document, largely for or largely against?
MR. IZMIRIAN: Largely for, as I heard on the other side of the table it has great potential. But anything with great potential also fills me with fear and trepidation of what we may actually end up with. Things like, how things are going to be finally linked and defined and then what are the baselines are of great concern. But I think that it is the approach we have to take.
VICE CHAIR McPEAK: Jack.
MR. FOLEY: Thank you, Sunne.
VICE CHAIR McPEAK: Jack Foley.
MR. FOLEY: I'm Jack Foley from the Metropolitan Water District of Southern California.
I'm kind of reacting more to Roberta's comments, I think, back a ways. I think we move further and further from our charge if we develop a waffled solution that has "if this is done" and "subject to" and "dependent on."
I don't think we accomplished what we were sent here to do. We were sent here to come up with a recommended solution that hopefully might have some

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alternatives, certainly. I think we spent a great deal of effort and a great deal of money in doing the analyses, the technical analyses. I think we're at a point in time I get very hesitant when I hear us try to put everything off down the road; the tough decisions, the decisions we were sent here, I think, to make.
Certainly we are not empowered with God-like features to win the best solution, but we certainly should come up with a solution and it should be specific and it should address all these issues. It should have specifics in it. I think we had alternatives, we seem to be waffling our way away from alternatives that were fairly specific.
For example, my recollection is every alternative had storage. I didn't know that was an issue. I thought we proved in our analyses that storage was essential and so forth. I don't think we should now be backing away with arguments, well, maybe if you do this you don't have to have it.
And I guess what I'm concerned about is I feel we are going backwards if we don't get on with those tough decisions. Let's make them, let's hash it out now. Let's not send in a document that's full of subject to all these negatives, if the following ten

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things occur, maybe we will do A. I don't accept that. I don't think that's what we were sent here to do.
I'm repeating myself, but that's a philosophical thought. I got worried when we started this morning that we're not going to get anywhere where we were I think supposed to get. That's my comment.
VICE CHAIR McPEAK: Let me begin to just respond and then ask Lester to comment.
Storage as a program element, a variable program element is in all three alternatives. But it is zero to six million acre feet. Pretty wide range. It includes, best of my recollection, something on the order of three, four potential surface off-stream surface reservoir sites and two or three groundwater banks. I mean that's sort of the notion. Keep in mind it is zero and it is up to six million acre feet. So there is -- it was a program component but there was definitely that stipulated range.
The approach on adaptive management is attempting not to defer decision making. And that's what I'm obviously trying to get us to avoid as well and engage on some issues, but rather to recognize that there are some unknowns that exist today and that

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we want to as expeditiously and as aggressively as possible pursue those, and there is certainty or intended to be certainty of certain -- of a particular decision. Certainty of particular decisions, not maybes, but certainty of particular decisions, potential decisions based on certain on specified or delineated criteria.
So you're right, we would -- we are being presented with an approach here in the framework and in the adaptive management lingo, jargon, concepts, paradigm, whatever, that we realize we are going to discover information as we go along. We are not avoiding, it is intended to have us confront now not avoid decision making, but to be very clear about the thresholds or triggers for decisions that will be made.
I don't know quite how to avoid that, and that's -- it could be clearer, but I wanted to say that's how I understand this approach to be. And it's important because some have said, gee, Stage 1, Phase 1 is wonderful because we get to defer decisions. No, folks, we are going to engage on storage or I think this process isn't probably going anywhere.
Secondly, though, we aren't going to know

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what final decisions are on certain components of this package because we will be setting up the conditions under which decisions in the future will be made because it's only reasonable to get that information as we go forward, and that's how you're trying to structure it. At least I think so.
Is that correct?
EXECUTIVE DIRECTOR SNOW: Yes, I agree.
VICE CHAIR McPEAK: Okay. So Jack, tell me, how -- where are we not specific or where is the framework not specific enough to give you a sufficient level of comfort that there is going to be certainty of a particular decision if conditions are met. Can you zero in for us?
MR. FOLEY: Not belaboring the point but I think the framework is fine. I think it's when we move to the next phase and we try to implement what that framework says that we get into trouble.
For example, I think we are in a position now to define what water efficiency measures have to be taken, what are the criteria. I don't think we have to spend another seven years to determine what is a reasonable water efficiency. And that's where I'm coming -- those kind of issues. We can decide those criteria now, that gets us over that step and now

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we're moving forward. But by putting these kinds of what I call relatively minor decisions off, I think it just encumbers our process.
That's just a small example of what I'm saying. Let's cut the mustard on those. We know what they are.
VICE CHAIR McPEAK: Okay. I think I understand what you were saying. Would you consider your position or characterize your position as largely in favor of the framework or largely against the framework?
MR. FOLEY: I think I support the framework. It's the devil's in the details, I can't --
VICE CHAIR McPEAK: I'm going to have Lester respond. I've taken all the hands of people who hadn't and -- okay, Steve Hall and then Roberta.
Lester?
EXECUTIVE DIRECTOR SNOW: Maybe I should just wait for the cue, but I guess what -- everybody to make their comments, but I am prepared to kind of go on to exactly what Jack was saying. Let's cue up those conditions as we have them worded today and see if we can push them to a much higher level of detail so that people are more comfortable with where we're

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headed with those kinds of linkages.
VICE CHAIR McPEAK: Steve.
MR. HALL: I have some specific questions, and then in anticipation of your inevitable question I'll try to be ready.
In Section 4 of the framework, the three-page framework, it talks about the assurances package, and I guess this question is really for members of the policy group. And I don't know if Lester is the designated spokesperson for that group, but it speaks of an assurance package that will replace and expand upon the accord and that there are specific things that will be in the assurances package and available at the time of the ROD.
The question that I have is: Based upon the existing fiscal circumstances in the Delta, is it the view of the policy team that fish protection and recovery actions can be taken without any loss of water to water users and hopefully improvement in the supply and the reliability to water users in this seven-year Stage 1 period?
Is it the recommendation of the DEFT team, for instance, that those things that they are -- that they believe need to be done to protect fish can be done without any loss of water to the water users?

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EXECUTIVE DIRECTOR SNOW: I'll try to give a partial response -- and I don't know if Patrick is around, and A.J. is here who can also comment on it -- but I think it is our objective that as one of the principle stakes at the end of Stage 1 or in Stage 1 everybody is seeing improvement, all four of the resource areas. And I mean the problem areas, the ecosystem, levees, water quality, water supply reliability.
There's a couple of caveats, though. There's one major problem that I'll bring up that I don't think we have remotely resolved, and the other issue is even in the current assurances or accord, there is the concept of purchased water to meet ESA needs.
And so when you say that water users won't lose water, if you're excluding purchased voluntary transactions from that phrase, then I think the policy group is headed in that direction. If you mean, you know, no regulatory reallocation of water or no purchased water, that's a pretty tough standard to deal with with the endangered species problems that we have.
MR. HALL: I was referring to involuntary, uncompensated water.

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EXECUTIVE DIRECTOR SNOW: Yeah, I think that's kind of where we are. I definitely want Patrick to address that.

Now the one unaddressed issue before I ask A.J. to comment is the looming Trinity decision. The Trinity EIR/EIS is not completed. Certainly the draft indicates that it could have dramatic impacts in the Central Valley project system. I don't know anybody that has a solution to that problem or how to address it or even at this point, since there's no final EIR/EIS, the exact nature of the problem. So that's a major one, Steve.

A.J., do you want to add?

MR. YATES: Speaking for the Department of Agriculture, it's our intent as we move forward in coming to this point of assurances that you don't sacrifice one resource for the benefit of the others. And so, you know, it's our intention that there is balance there where everybody is going to benefit as we move along. And like was said, you know, some of the regulatory issues we don't control here, but those things that we do control, this -- this still has a number of legs on it and they've got to stay somewhat even or you sacrifice one of those resources. That's not our intent, for sure.

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MR. HALL: Let me -- maybe Patrick's in the room and you want him to comment, but here is the specific concern. The DEFT team, the fisheries team that was charged with responsibility of making specific recommendations as to how to protect and recover fish, their preliminary recommendation was that Alternative 3 best met that test. The response was fine, but we are not doing Alternative 3, at least not for the foreseeable future, come up with something else. They did.

The problem is, as I understand it, there is a fair amount of water cost involved in that. The question I have is: Are we going to scrap the recommendations, adopt the recommendations and find new water or take water out of the existing system, or am I just incorrect in my understanding of what is being considered?

EXECUTIVE DIRECTOR SNOW: Let me start while Patrick can gather his thoughts. First, for those that may not have followed this, I'm going to maybe state what Steve just said another way and explain some of the groups that we have working at CALFED.

I mean Steve is right and you saw it in our Phase 2 report that we had a lot fisheries biologists

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saying that the best thing for fish in the Delta is to move the diversions out of the Delta, hence, isolated the facility.

We chose not to go down that path but also the point was even if you did, you have a significant period of time where you have to cope with the Delta, you have endangered species, you have five more pending for listing, so how are you going to manage fisheries issues within the existing Delta configuration. And then that matches up with where we're headed with the preferred alternative.

We set up a Diversion Effects Fisheries team, DEFT team, and there's also a team, I hesitate to say its name but it was called the No Name Group, which is a group of modeling people. And the fisheries team has been working on actions that they feel in the existing Delta configuration can be taken to start recovery of the species in question in the Delta, and its actions about closing the cross channel and actions about shutting down the pumping under certain conditions, particularly for Delta smelt, some issues of barriers in the South Delta.

And so they have been working to optimize from a fisheries perspective, and we have been using the No Name Group, kind of a modeling group, to help

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look at other actions that would minimize the cost, the water cost, associated with those actions looking at conjunctive management and joint point of diversion for the two projects.

And so none of those are final recommendations at this point. They continue to work. They have been broken into different groups looking at salmon specifically and Delta smelt specifically and looking at harvest issues and upstream management issues, and they continue to provide input to the CALFED policy group.

We are, in my opinion, not at the point where there is a specific ironclad DEFT recommendation. I think they have some strategies that we continue to have modeled and evaluated and the policy group will simply look at what the issues are, the trade-offs are and the risk and uncertainty is before we decide how that's integrated into Stage 1.

But resolving the fisheries issue in some fashion and having some level of comfort we're on the road to recovery is essential to having assurances in Stage 1.

Patrick?

MR. WRIGHT: Yeah, I'm just picking up on that last point with regard to assurances for both

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sides.

I mean clearly what we are hearing from the -- and particularly the fisheries agencies from Mike Spear and from the folks at NIMS (phonetic) is that they need to have a plan in front of them that allows them to be able to say for the next seven years, this fishery's plan, not only operations plan but together with all of the ecosystem restoration efforts that are going on, is a significant step towards recovery to the point where they can say for the next seven years, the water users then have a set of assurances that in year four or five or six or whatever, they're not going to face surprises.

So it's going to be a combination of, I think, the operations plan, the various habitat programs that are being funded, and hopefully a reserve account of water that folks have talked about in the context of funding that allows the fishery managers some flexibility so that if we do have some unforeseen surprises, we can use this banked reserve account to try to deal with those to minimize the level of uncertainty that's out there.

That's sort of certainly one agenda to try to come up with a plan that's strong enough to provide that level of assurances.

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Now, the obvious issue is, how do you do that without having an unacceptable impact on water supply in that seven-year period? So as Lester said, the effort, therefore, is to try to supplement that plan with a set of tools. Folks are talking, as you know, about groundwater storage, a whole series of actions that can be used to try to help not only minimize impacts but also to increase water supply reliability for the system.

Whether we'll be able to pull that off, obviously is a very, very difficult question. But clearly that's going to have to happen if all sides are going to feel like there are benefits of this thing both from a water supply perspective and -- a water supply reliability perspective and a fish perspective.

VICE CHAIR McPEAK: Steve, go ahead. I have a couple of questions for you.

MR. HALL: Sure. Well, I think Lester and Patrick have hit on the point and I want to comment further in just a moment, but -- and I don't want Alex's blood pressure to rise too far because the exporters are trying to reconcile themselves to the fact that we are not going to significantly change the Delta plumbing for the foreseeable future and may

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never. But the problem is we have created for ourselves a very difficult problem. Many of the problems that CALFED is trying to address are problems related to ESA. Those problems are not going away; they're getting worse. We have more species proposed for listing.

And the -- as Patrick and Lester both pointed out, it's very hard with the existing plumbing to do what the biologists say the fish need without seriously impacting water supply with the existing plumbing. So we have created for ourselves a very difficult challenge by taking off the table certain options that are available to us.

Now, we all understand the political imperatives and all of that. But given that, I think it's reasonable to expect that the water users' tolerance for further hits on their water supply in this interim period where there is no assurance that they will get better, at least today, as we sit here, is going to be very low. And it would be unfair for us not to make that clear.

VICE CHAIR McPEAK: Let me ask you a question. Let's assume that we made the decision today Alternative 3 and you pick -- so dual facility, improved through Delta transfer and some isolated

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facility, and you pick the number for the storage that you want. What is it that you propose you're going to do in the next seven years to avoid the very situation that you just talked about? Because I think it's real. We are getting further constraints on what water can be moved. But my point is so even if we made today and you had the money to build the goddamn facilities, what are you doing about the fisheries in the next seven years?

MR. HALL: There is no question, Sunne, that no matter what we choose for the long term we've got a near-term problem. The question is whether we are in a partnership where we are all trying to solve both the short and long term problem, or whether we are just in a big philosophical argument about how we are going to meet the state's water needs.

And right now in we are in a big philosophical argument. Tom Graff and others have made surface storage a big symbol that we are now fighting over, and that's unfortunate but it's true. It's also unfortunate Tom isn't here --

VICE CHAIR McPEAK: He's flat on his back and he hurt his back and I said, "That's a hell of an excuse. Come lay down. I can scream at you here in that position."

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MR. HALL: Whatever the case, we are in a situation where not only do we have a short-term problem but we as water users don't have good long-term prospects that if we get worse in the short term, we are going to get better in the long term because all we see ahead of us is a protracted fight, not just about conveyance but now about storage, where there is no apparent willingness to take a look at a balanced integrated package as Lester put up on the screen, and say, how do these things fit together in the right kind of matrix? There appear to be those who are intent on pulling things off the table no matter what and not letting them be considered.

And if that's the case, Sunne, then what incentive do the water users have then to take any risk in the short term? That's the difference, that's the difference between what you're proposing and what I'm talking about.

VICE CHAIR McPEAK: And in part what we're trying to probe here in the dialogue is not only the substance but the process that would allow those who can fashion a reasonable approach to dealing with these constraints to come together. So that is why I'm asking this question.

But I also understand that the way this

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framework is proposed by Lester and the staff is that the efficient water use and the common programs are the only short term, that is, seven-year stop stopgap measures to try to provide greater reliability and some assurance against great dislocation of water supply.

MR. HALL: Actually I disagree with that but I think Byron had a comment.

VICE CHAIR McPEAK: Let me ask Lester to comment, and then we've got others who --

MR. HALL: Can I finish or do you want to move?

VICE CHAIR McPEAK: We will come back to you because you haven't answered the last question, either.

MR. HALL: And I haven't got to ask all my questions, either.

VICE CHAIR McPEAK: Okay, I didn't know you had more. Lester, talk about what is supposed to happen in the interim to -- you and Patrick sort of addressed what the goals are, with all due respect sort of talked around it.

EXECUTIVE DIRECTOR SNOW: I think in the seven-year period there is a number of issues that address water supply reliability and certainly you've

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already mentioned some, conservation and reclamation projects that simply can roll during that period.

They clearly is out there some pent-up reclamation projects that I think can roll forward and develop water supplies, but also groundwater conjunctive use. There's some projects in the queue that we expect to either move forward and be initiated or expanded that can help develop particularly drought year supplies, you know, other aspects of the program. I mean obviously it's our plan over that seven-year period of time that habitat restoration is providing some level of improved reliability and some higher level of comfort from the regulatory agencies on fisheries recovery.

The other one that we haven't talked about as much, it's actually one of our solution principles, it's the issue of durability and flexibility. Some of what is coming out of even the fish group that's talking about this for seven years, is more flexible real time monitoring of the system to more precipitously curtail pumping when the fish get near and then allowing the pumping to go much higher than normally would be allowed when the fish move away. That appears to have great promise for providing both fish protection as well as water supply reliability.

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Those are all -- you know, some of the tools that I think are on the table to achieve what Steve is asking about. I think it's possible to do that. We are not there today because we still have an awful lot of people working on putting these packages together. But I think it is a reality that people will not gamble losing in the short run for some promised improvement in the long run, whether you're worried about protecting fisheries or worried about irrigating the crops.

VICE CHAIR McPEAK: We're going to finish with Steve, go to Roberta, Alex, Byron, and then back to you Lester to move on to the framework.

MR. HALL: I'll just anticipate your question, Sunne, do we --

VICE CHAIR McPEAK: Yes, largely in favor or largely opposed.

MR. HALL: And I'm going to say it depends.

VICE CHAIR McPEAK: You're with Alex, now.

MR. HALL: Here's the problem. When I hear Lester talk, he makes me feel good. When I talk to others, I don't feel so good. When I read the document, I don't know how I feel.

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So let me say on staged implementation and staged decision making sounds good to me if, as Lester just said, we have a commitment to be flexible about the way we operate the system in the short term.

For instance, some biologists are willing to have less reliance on inflow export ratios if during certain critical periods the pumps are shut down or curtailed. We think that's a creative way to solve the problem potentially and it ought to be looked at, and if it seems to work it ought to be tried.

Continuous improvement in all resource areas, that sounds good too. We think the way to do that is to bundle things. You don't take regulatory actions to protect fish and then say, yeah, but we're going to try to implement these tool box measures and reduce the pain.

No, what you should do is put things together so that there are real benefits up front to all sides, for fish and for the water users. That can be done. But there needs to be a commitment to doing it and that's not in this document currently.

VICE CHAIR McPEAK: In the framework or in the three pages.

MR. HALL: Right. Anywhere that I can

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find.

At least -- I mean I think it's implied in areas. I don't want to be unfair here, it is implied. It needs to be expressed openly.

Stage 1 implementation needs to contain in it regulatory certainty. We need to know what the rules are going to be and that they are going to be applied uniformly from year to year, and part of that and part of the assurances packages has to be that the accord protections have to be extended and expanded so that they protect all of the water users in the watershed, not just in the Delta.

The financial package can't be based on revenge for past sins. It has to be based on actual benefits proactively, not retroactively.

Delta conveyance, we understand that the decision about what, if anything, we will do is going to be postponed. We have accepted that conditionally. However, there has got to be some clear criteria as to as to what the decision will be based upon. To say that there has to be adequate drinking water quality and has to be adequate fish protection, those are subjective terms. They tell us nothing because ultimately the decision is going to be made by, forgive me Patrick, some bureaucrat someplace, and we

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don't have a lot of faith in that.

VICE CHAIR McPEAK: Stipulate to the fact that we have to have very specific decision points.

MR. HALL: And then once the decision has been made it has to be implementable. There has to be action taken upon that and there has to be obviously reasonable conditions.

And water supply reliability, we have thresholds built in here but they are still pretty soft. Lester comforted me some in talking about a programmatic 404 permit as part of the programmatic decision that will be made late in 1999, but that needs to be put in the document someplace. It's not.

The thresholds for conservation and other things, I've asked repeatedly what are the thresholds?

Well, they are BMPs and EWMPs. Well, then put that in the document, don't leave it soft. Because as long as you leave it soft we will suspect that what you really mean is BMPs and EWMPs plus something else you're going to come up with. If that's what you mean, say it.

And when you say those things and you've made them clear, we'll tell you exactly how we feel about it. We will tell you whether we support it or

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don't support. But as long as it's vague, we can't.

And then finally on No. 8, I think I support this list, but it's a very ambitious list and I really wonder whether it can be done in time for the ROD, if the ROD is really going to be done in late 1999. And it would help us to feel better that these things could be done if there were an action plan in place that tells us how we get from point A where we are to point B, completion of this list and a ROD.

VICE CHAIR McPEAK: Thank you. And then you are in the category of you don't know where you are on the document.

MR. HALL: I'll know as soon as you clarify those things that I mentioned.

VICE CHAIR McPEAK: Thank you.

Roberta.

MS. BORGONOVO: I wanted to go back to something you said, Sunne, and that is, that in all of the alternatives the storage was zero to six million acre feet. So we really are talking about again the uncertainty of what's needed. Do we need zero? Do we need six million acre feet?

And I think my use of double negatives as far as surface storage is confusing, but one of the questions that I would ask is, is it too late to

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define reliability. That basically is where there's this disagreement. I agree with some of the other speakers that said we are talking about different things and we've never defined reliability. So does it mean all water for any entity demands? We know that that won't happen for the ecosystem because we have already taken more than 50 percent out.

And so I think that the ecosystem program had its controversies. I don't think it was totally accepted and one of the things we asked for were the specifics. I agree with Steve, I think the more specifics the better. But it goes back again to the way in which you approach the decision.

So my first question is: Is it too late to define reliability because what Steve is expressing on the side of the users, will we ever know if we've given enough. It's the same way on the ecosystem side, will we know that we really do have the water that's needed there for the long term. So that's my first question.

My second question is: When it comes to the surface storage, why was the decision made not to treat it the way we do the isolated facility on page 12 where the -- that's a fallback position. To construct an isolated facility, they warranted making

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the decision only if you see you haven't met these certain criteria. So it goes back again to the criteria of what -- the objective of water reliability. We haven't defined that.

VICE CHAIR McPEAK: How would you define it?

MS. BORGONOVO: I think the same way you defined it for the ecosystem. There was a whole controversy. What do you mean, historical ecosystems? No, no one is saying that. We know that that's not possible. We know that we are not going to get back 50 percent of the water that is used by ag and urban. It's not even realistic.

But certainly the objective was to have a viable healthy ecosystem that would restore the endangered species over the long term and then there are a whole list of actions on how you would get there. And when we have adaptive management, we have tried to build in that way of addressing uncertainty so there are hypotheses and you go out and meet them.

So I think do we need to have a discussion on reliability, but I think also that it's the idea that we are presuming that surface storage is the best way to meet ecosystem environmental needs. That's a real problem. And the presumption that surface

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storage is needed for reliability, when I look at the conditions that are there, there are water transfers, there's groundwater conjunctive use which can be a form of storage, there is flood plain storage, all of those conditions we do not know what their effect is.

And so I guess that's my second question. And perhaps the users can explain, maybe we haven't been creative enough about the linkages, we haven't been creative enough about the assurances that we give all sides so that we can see a way beyond this impasse.

VICE CHAIR McPEAK: On the reliability issue, I asked your definition and would like you to -- would invite even more maybe explanation or proposal for a working definition, but I'll tell you what I perceive to be the different approach on reliability here.

In terms of the ecosystem, we obviously did agree that it's probably not historical levels but that the reliability was a very significant improvement back to health, getting better.

The question that is being asked by the users is how much below where they are today is essentially, if you will, the environmental water caucus proposing that reliability be pegged and how

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much would you stake your own numbers on as we reliable to share with everyone else.

I mean do you think that with your approach you're going to be able to keep everybody essentially where they are today? You already know that's not acceptable, given the position articulated over here by folks in terms of they want to gain backwater lost in CDPIA, how much below where they are today they're asking do you expect them to be. That's the question.

And quite honestly, probably not acceptable, the reliability is a great reduction in current supply. Even if it's a reliable shortage, that's an instability civilly and economically in the state.

So they're asking for what is your number here.

MS. BORGONOVO: I would go back and ask is it the amount of water or is it economic viability? That's why I think we have to have the reliability discussion. I would ask in the urban sector is it all water for all demands, are the demands realistic?

These are all these questions that many of us have put into our comments on the document, and we do need to see those answers. But again, I would go back to having some kind of discussion of reliability

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that doesn't mean just more water out of the system.
So I think -- I'm sorry that Tom Graff is not here. I'm sure he intends to try to be here tomorrow, but as you said he is in pain and that's just a problem.
VICE CHAIR McPEAK: You know, what --
MS. BORGONOVO: It does go back to a baseline question and it goes back to a water balance question that many of us have asked for, and there are lots of creative ways of trying to shorten that gap and we have a disagreement on how we shorten the gap.
So I just invite CALFED staff first: What about the reliability, trying to define it not in terms of more water supply because it doesn't say more water, it says more water supply reliability. And secondly, why did you make the decision not to go with surface storage they way you treated the isolated facility?
VICE CHAIR McPEAK: Lester.
EXECUTIVE DIRECTOR SNOW: Let me start with water supply reliability. The objective of water supply reliability is not just for ag and urban. It's water supply reliability for the environment also. So it's all part of the same package.
And water supply reliability, actually what

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we are trying to achieve is so lost in the argument about total average water supply, it kind of misses the point of what water supply reliability means. When you look at it from all the users' standpoint, including the environment, is the ability to reliably meet Delta smelt flows by shutting the pumps down on May 15th when they have shown up on May 14th, and to be able to keep the pumps shut down while still meeting water supply needs for those relying on those pumps for a period that can vary from 30 to 60 days or even longer at times.
That's the essence of the water supply reliability problem. It's what is it that you need in order to be able to provide reliability for fisheries purposes at the same time that the other users of the system don't all the sudden have their risk go way up as a result of that.
To a large extent, maybe again this is unsatisfying, but about three years ago we went through an exercise of setting up these primary objectives and all the sub-objectives that served to define what each of these resource areas mean. So even under water supply reliability, that is broken up into a lot of sub-objectives and maybe we need to give that back to the group to review how we started down

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this path.
Sorry. I forgot the second part of your question.
MS. BORGONOVO: The second part of my question is why didn't you treat surface storage the way you treated the isolated facility? In other words, you have all of these objectives that you meet; you meet the high water use efficiency, you meet progress on water transfer framework, you meet the objective of progress and groundwater conjunctive use, you look at finances, you complete your Clean Water Act compliance, and then you decide if you need the surface storage for the water reliability objective.
EXECUTIVE DIRECTOR SNOW: I know how I will answer that. I'm trying to think of policy group discussions about that issue. Maybe again I'll ask A.J. and Patrick to comment on that.
But I think in terms of, say, us as staff recommending that that's the way we structure it is kind of an observation of the current situation, forget about projections. We are having great difficulty managing the system today because of the competing needs in the system. We see additional needs for water supply including returning water to the Trinity.

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Kind of in the face of that, when you look at the tools that you have and how those tools function, we pretty much see that an additional chunk of off-stream storage reservoir -- off-stream storage can have a dramatic impact on how you manage the system in concert with all those other things, conservation, reclamation, groundwater storage, and it fits in there. And I think from our staff perspective in terms of making recommendations, as long as those other things happen, then you end up with a nice package with storage.
The reason that we have these conditions is if somebody were to proceed with storage and seven years hence you look and nobody is pushing reclamation, nobody is implementing conservation measures, no transfer is going on, that's a failure. That's why we've got the conditions. But we see off-stream storage in particular can provide a very significant benefit in terms of managing the system to do the realtime monitoring to reduce conflict between out-of-stream users and in-stream users of water.
Again, I don't know if A.J. or Patrick want to comment on that.
VICE CHAIR McPEAK: A.J.?
MR. YATES: I want to address these

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issues again because looking at the first seven years, which are going to be critical because not a lot really is going to be done other than tweaking the system to make things work more efficiently.

You know, water use efficiency, there's some water there undefined; some of us believe a lot less than others do. Water transfers are going to be -- continue to be used, they are not a new event. And groundwater storage is going to be -- new groundwater storage is going to be out there sometime in the next seven years. More than likely.

The way we get through the first seven years, we have got to develop an operating scheme that begins recovery. And if we can show that we begin recovery by operating the system in ways differently than what we are today to where it's not a loss but it changes the way you do it, to where it will have less impact on the fisheries at different points in time, we are a long ways from having those recommendations to us.

I say a long ways; we haven't seen them yet. We have seen presentations and I think some of the thoughts are good. There is not consensus on those thoughts yet but an assurance package is going to have to have in the first seven years a method of

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operating the system that begins recovery. You're not going to get there in the first seven years, but at least if you can begin, I believe U.S. Fish and Wildlife and NIMS will say, yeah, we're doing a better job.

And so that tool box of different options of operating are what we are going to have to have that give us the assurances that will allow us to continue to get water as we begin the process of recovery. We are not there yet, though, and we haven't got the recommendations from the group yet. But that is my hope, that that's got to happen to where we all stay with a supply as we begin the recovery.

VICE CHAIR McPEAK: Patrick.

MR. WRIGHT: A couple of brief comments on the issue of storage. This has been probably the most challenging portion of the document that came out, and we had at the policy group long discussions over things like using the word "if" versus using the word "when" because of the recognition of the sensitivity over the presumption as to what the package says with regard to storage.

And I think it's fair to say what we've heard since the document came out is fear from both

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sides, fear from the water user community that who you are fooling, those conditions are going to be so strict and so unreasonable that the regulatory agencies will never buy off on them, so it's absolutely clear that there's no intention to move seriously towards storage.

What we've heard from the other side is once you including that presumption in there that it will happen, it's over, no amount of triggers, no amount of -- no matter how tough you think they are now, it's inevitable we are going in that route.

And so to be candid, we're really struggling with that and we understand those fears that are out there on both sides. What we are trying to do is craft a package that is not -- that reflects that we are in a position with respect to storage that is not unlike with respect to an isolated system; that we face -- even if we knew today that we were going to have it or not have it, we face this seven to ten-year period where things are going to have to happen.

So what we ultimately decided was not to use the word "if" or to use the word "when," but to simply recognize the fact that certain things are going to have to happen in the next seven to ten-year period to move towards stronger consideration of

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surface storage.

So I think the language says something like surface storage is included as part of the package, based upon recognition that there are some potential benefits out there, but provided that these other things happen so that we can assure ourselves that we are using our existing supplies as efficiently as we can.

I don't know if we are quite there yet but that's the intent, to try to keep it on the table but try to assure ourselves that we are doing everything we can in these other programs to satisfy the regulatory process and the other needs that are out there.

So that's like probably the best summary I can give in terms of where our thinking is, but clearly we need more help in crafting this document in ways that reduce the fears that are out there on both sides of this issue.

VICE CHAIR McPEAK: Alex.

MR. WRIGHT: Let me just add one more general point in regard to what -- some of the concerns that Steve raised.

To the extent to which there's a concern over the document over the lack of detail, that was

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intentional. The intent of this thing was to produce a framework and our hope and our expectation was the comments we would get would be helping us fill in the specifics. So if the worst criticism is, you know, we're reserving judgment until we see the details, that's positive. What we want to hear from you and from others is specifics on how we can fill in those details.

The second comment was, well, this may work for me but what I'm hearing from this other party causes me concern. The number of voice mails and e-mails that I've gotten and other folks have gotten over the last month, well, this looks good to me but did you hear what Tom Graff said, or this looks good to me but did you hear what Alex is saying or did you hear what Steve Hall said.

That's why, again, why we put this document out; to focus discussions on this framework, not on what somebody is saying out in another arena simply to try to protect their interest. People are very, very good at reading the document in a way that protects their interest, and our hope is that people will read it with respect to the extent to which it meets their needs and to help us fill it in in ways that reduces the fears that are out there.

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VICE CHAIR McPEAK: The list of people who have spoken before and want to speak again include Alex, Byron and Steve. Roger, who hasn't spoken, has now asked and I'm going to recognize as people who have not spoken want to get into this fray to invite them, please help enlighten us.

Roger.

MR. STRELOW: From the conversations so far this morning, I'd like to suggest further -- this may have already been considered within the policy group or whatever, but I would certainly like to suggest consideration of a very noncontroversial option to the approach to storage here.

Given -- I mean the impact of storage is -- arises not from the existence of a storage facility, but from the extent of its use. And to get back to Richard's very important point earlier about the economics of the market aspects of this, the price at which the water that is accumulated and stored is made available.

I wonder why it wouldn't make more sense to consider an approach to storage that doesn't say, we will go up -- we will commit to going up to permitting but not to construction unless -- or your terminology -- provided all those conditions are met.

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I mean, I think that the linkage is an appropriate one, but why not go ahead and commit to storage, some amount of storage capacity, but along with all the other assurances that the whole process is dependent on, you can certainly put in assurances that the price at which stored water is made available and the circumstances under which it's made available would be related to these very factors; the effectiveness of conservation or water use efficiency rather, the extent of a robust transfers market, et cetera. Then it seems to me that you would cause great relief to those who fear that storage simply won't happen and therefore may not buy into the process.

And I realize that the environmental community traditionally in a lot of context, views construction of a facility rather than the issue of use as kind of the whole ballgame. But it seems to me that as long as the whole process is dependent on a lot of assurances anyway, you could certainly build in very strong assurances that, yes, we will have this storage facility or facilities of whatever capacity, but the conditions of its use will be tied to these factors that link. And it would seem to me that might be a constructive path to explore.

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VICE CHAIR McPEAK: That's actually pretty close to what is proposed here, is that linkage on use. It's not -- it's a linkage on use as well as a linkage on, if you will, permitting and construction.

MR. STRELOW: Yeah, but that's a big -- I may be wrong but it strikes me that's a huge difference to those who feel very strongly that storage is going to be needed in some way. I mean to say that you will only construct the facility once various conditions are met, I think is very different from saying we will construct them and they will be available for use, but they will only be used under certain conditions.

VICE CHAIR McPEAK: Okay, okay.

Alex, Byron, Steve and Stu.

MR. HILDEBRAND: I think it's pretty evident from this discussion that Jack was right, the devil's in the details. I think that's what Steve was also saying in effect.

Lester mentioned the work being done by the No Name Group about the methods of increasing water supply. Well, I've been engaged in that and they are only addressing the question of how to increase export water supply and not how to increase the available

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water for other parties.

Some of those proposals I think are quite good. Some, however, rely on not complying with the State Water Resource Control Board standards which seems to me kind of an odd point of departure, and some of them would actually be detrimental to nonexport water users. So they have to be viewed with considerable caution.

Now, on the -- Lester's definition of resource areas apparently does not include agriculture.

VICE CHAIR McPEAK: Let me stop you for a moment. It does not. That doesn't mean that ag is not a resource, the other parts of the economy are not a resource. It's a definition, a stupid one in my opinion, but it is a definition that he had from day one. So get over it. There's four things that he called resource management. It could be called X.

MR. HILDEBRAND: I've disagreed with it from day one. Nothing new there.

The point is that if it's not a resource in that lexicon and is therefore somewhat expendable, then I think the CALFED should face right up to the fact that if we do not develop new water supplies with the amount of water per capita as the population grows

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within the time frame of CALFED, the amount of water per capita that is applied to the production of food will be reduced to less than half it is now. You have to understand that.

Now if that's the decision, okay. But let's not kid ourselves. That's what we're talking about. We are not talking about five percent or ten percent. We are talking about a major reduction in per capita supply of water to grow food.

Now there's a lot of talk about triggers and it's a concept that certainly has some merit, but it also has some problems.

In regard to the isolated facility, obviously at any point in the future one can decide to build an isolated canal. There's no way you can avoid that possibility.

On the other hand, I think CALFED's approach to an isolated canal is very disingenuous as it goes now. CALFED contends that it will maintain the protection of the Delta afforded by the common pool concept even if a canal is built. Well, in my judgment that's either naive or intellectually dishonest.

CALFED proposes that the canal be built when loosely defined triggers occur after an optimized

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through-Delta conveyance is in place. Since there is no perfect conveyance system, parties that would benefit by the canal can see that the through-Delta system is not optimized and that the triggers are tripped.

Let me give you a recent example. We proposed some months ago that the trigger of bromides in urban water could be avoided if the through-Delta crossflow was guided through the eastern Delta channels instead of through the central Delta channels. A recent staff report alleged that this concept made no improvement.

Since that was not a reasonable result, I met with the CALFED staff. They had only brought half the crossflow through the eastern channels, and thereby forced the other half through the western channels. So the two cancelled each other out and then that results the same as if you bring it through the central Delta as previously proposed.

If a trigger system of that kind is adopted, in my opinion, it will be a disguised decision to build the canal.

VICE CHAIR McPEAK: Byron.

MR. BUCK: I assume your original question is back to whether we like this package, can

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live with it, et cetera.

VICE CHAIR McPEAK: I don't think I grilled you on that the last time. I have a list. I'll look.

MR. BUCK: I'll try to be brief.

I think generally we are okay with moving with this approach, but there is a lot of skepticism out there. The document is certainly improved from the first versions we saw, it's getting more detailed, we're getting more comfort with it.

But that skepticism is out there in the hinterlands of some of my member agencies, particularly in the export areas, that we've taken what was the analysis that showed what the best alternative was for drinking water quality and for fisheries and we've moved that to a contingent strategy. And as far as conveyance, we're moving with a strategy that there doesn't seem to be much evidence that we'll be able to meet either fisheries or water quality goals. So that's created a lot of skepticism out there as to whether this process is staying objective and it's creating a credibility problem for the program.

Now we all understand at the staff level and others why we are going this direction, and as

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long as we can have sufficient triggers and we move forward together, that we can probably get to where we need to go objectively. But just kind of point of fact out there, there's a lot of people who are losing faith in the program because of the direction it's gone and the policy group has taken us.

There is another issue that's becoming increasingly evident and came out of the bromide panel that CALFED held the last two days; that we are not talking about a discreet point in time where we are going to be able to decide, yeah, drinking water standards are going this way and therefore we do or do not need an isolated facility to meet it in any kind of cost-effective basis.

But stage 2 regulations are going to come in, but all the experts panelists yesterday were saying there's a lot whole lot of health issues associated with bromide which is becoming the key health issue for drinking water quality that are not going to be resolved at the Stage 2 level. So they are talking about a Stage 3 of the regulations.

So we are looking at probably a five to ten-year period of increasingly more stringent drinking water standards based upon what the panelists told us, so we are not going to be able to ever get

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away from this trigger issue. We are not going to be able to decide it at one point. It's going to become one that we have to stay with.

So that's a very difficult one for the CALFED program to deal with. We are not going to have a discreet trigger point, and that leads a lot of the folks out there to believe that we know we're getting stricter standards, we know source control is not an option for bromide, why are we waiting to make a decision when we know we're probably going to have to deal with it with a source selection option at some point in time.

VICE CHAIR McPEAK: Okay, Byron.

Steve and then Stu, and that is it. Then we're going to Lester.

MR. HALL: I want to respond to what Patrick said and acknowledge that we understand some of the vagary in the document is intentional. I hope I made it clear, if I didn't let me make it clear now, we are definitely willing to reserve judgment until we see more details but we've got to see them ultimately.

And frankly, Patrick, our ability to keep our constituency at the table is being put to a severe test. The debate we had over the water bond further exacerbated an already difficult situation because

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there were interests who clearly were unwilling to even study surface storage. And, yeah, it's a symbol but it's an important symbol because as Lester has pointed out, there's ample evidence that even to meet the needs of the system today, much less what we're going to do in the year 2030, surface storage is a very valuable and we believe essential tool in addition to everything else. We are not saying it's the answer, we are saying it's part of the answer, and I think CALFED is saying the same thing.

And if you continue as a policy group to say no, we are going to put off that decision until later, you will further and further constrain our ability to participate constructively in the process. Sooner or later you have to fish or cut bait with this question.

We cannot in our view go on indefinitely for -- or at least for the next seven years and say, well, we're going to continue to study storage as a possible option in the future. I don't think you're going to see much willingness to participate on that basis, understand the need to keep open the option.

But frankly, if as a part of the record of decision in late 1999 there is not at least a programmatic level 404 approval for surface storage

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and then you pick the least environmentally damaging site, as Lester described earlier, it's not that we politically don't feel like we got enough, it's that we don't believe the program will be viable. It will not meet the needs of the system; that you will be ignoring an imperative that you can't afford to ignore. Technically, not politically. And therefore, we simply won't have any confidence that the program can do what it says it's designed to do.

We are near that point already. We are willing to remain engaged because we understand and appreciate, I think more greatly than anybody, the importance of this program to meeting the water needs of the state. But don't ask us to simply take on faith forever the notion that there is in fact going to be enough water to go around because right now there isn't the way the system is being operated.

We completely support the notion of transfers, conservation and a more flexible operating regime as being the way to manage the system in the interim. What we don't accept is that's the way we've got to do it from now on.

VICE CHAIR McPEAK: All right. Let's see, Stu.

MR. PYLE: We are still talking about

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whether we are endorsing the three-page policy statement.

VICE CHAIR McPEAK: Well, I have already asked you on that one, so --

MR. PYLE: I didn't give you everything I felt about that, I have more than our time would allow.

VICE CHAIR McPEAK: Can you summarize what you think about it?

MR. PYLE: I endorse what Steve just said about the storage. Our people that I represent are very concerned about their ability to stay, as Steve says, engaged in this to offer support for that, but that storage is something that needs to be developed, proved and carried forward.

In regard to what is in Section 3, the items that will precede in Stage 1 over the next three years, those are just fine. But there is no support in the area that I come from for Item No. 6 on Delta conveyance on placing the isolated facility, Alternative 3, that was very much discussed in the EIR/EIS that was put out and a lot of time dedicated to, which clearly led up to the fact that the best selection for the ongoing program is Alternative 3, which includes all of the works on the through-Delta

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plus the eventual development of an isolated facility.

Now, again, when you take Section 3 of this report and the work items that are going to go on in the next seven years in regard to the isolated facility, those are just fine. I don't think you can do any more than is done. But there is going to be a very great opposition from where I come from, Kern County, and I'm also representative on the Southern California Water Committee, and these people feel that the whole study led up to Alternative 3 and now it is just being pushed off the off-ramp.

Remember the off-ramp discussion? Well, I feel that this language off-ramps the isolated facility. And I think -- I think the Section 3 indicates all of the work that can be done on this, but I think there needs to be a greater identification that this is part of the continuing strategy and not a contingent strategy; that this is a continuing strategy which needs to be proved, which needs to be developed.

And I think this language for instance on page 2 says the contingent strategy. I'd rather change that to continuing strategy is to include a dual Delta conveyance with an isolated facility because past studies show the initial primary strategy

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will not meet CALFED goals and principles, and I think you can go into the CALFED work and show that.

And my final comment is that there is going to be very little support for a program that puts this on the off-ramp, even though the work is going to go ahead under the Section 3.

Thank you.

VICE CHAIR McPEAK: Turning to now Lester is going to go through some of the linkages and conditions and elaborate on what's in the framework. It may be worth just acknowledging the reminder that Steve and others have said, I actually don't know of any particular stakeholder group or prospective whose constituencies are not really at the brink of giving up, and I think that it's quite questionable whether or not this process survives, and I don't know how we will bring folks together. No one worked harder than Steve in trying to bridge that gap in the last several months.

And one way maybe to think about this as Lester is listing linkages and conditions, is perhaps view it in terms of not just the questions that you'd pose but the answers that you'd give back to your own questions if you truly had to manage the state's environment and economy. I think it's time we try to

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internalize as much of the direct responsibility for this as possible around the table. Maybe that will help us get engagement on resolution.

I think we are running out of time. I certainly know I'm on borrowed time, limited time for my own constituents to stay here, probably most of the rest of you are as well.

Lester.

EXECUTIVE DIRECTOR SNOW: Thank you, Sunne, I think that's good advice. We need to see how far we can push this and add detail so it increases people's comfort at least with understanding where we are headed.

Now one comment before I get into this, of course what we are trying to do in assurances, of course, is link all the programs together so there's broader linkage issues. But clearly as witnessed by this discussion, there's two key aspects of the program where the linkages and conditions are critical, and we've only laid out maybe at a conceptual level what they are and we need to quickly move into more detail on them.

So I want to spend a little bit of time with both of these critical issues, and in this order: The Delta conveyance issue, as well as water supply

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reliability or specifically storage, surface storage, as the critical issue.

Let me start with Delta conveyance. And as Stu has just observed, where we are with the Delta conveyance in the program is we have identified a primary strategy to deal with Delta conveyance and that is through-Delta, utilizing the existing Delta configuration. And as we continue to refine a through-Delta strategy with the fish group that we mentioned earlier and other modeling efforts, probably the through-Delta strategy looks a bit more like Alternative 1 than Alternative 2; that it's based around trying to improve conditions in south Delta from a variety of mechanisms and not so much on the thought of -- if you recall, Alternative 2 is a major screen diversion on the Sacramento River moving water into the Mokelumne system, basically, and I think we're seeing a moving to a primary strategy that's really refining more of the existing system.

And we have identified a contingent strategy. That contingent strategy is the potential of an isolated facility. There's kind of two tiers of things going on with respect to an isolated facility and the contingent strategy.

The first is issues of findings that must

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be made, and other people have referred to that as triggers, what would happen that would result in you reconsidering an isolated facility. And once you make those findings then you have conditions; that if you're proceeding on an isolated facility, there's certain conditions that must be met as you move forward.

So I want to discuss both of those, but I want to illustrate again in a broad sense what we talked about earlier. The way that works is basically at any point along here, it's not a time certain issue, through your monitoring and evaluation and considering what's going on, you might make some findings that's it's not working, your primary strategy is not working. That means you're bringing up a contingent strategy for consideration and then that triggers conditions, under what conditions will you proceed with your contingent strategy.

Now the findings, the way it is set up right now there's three basic findings that have to be made. First, there has to have been aggressive implementation of the common programs, ones that are related to particularly the fisheries and the public health issues. But at some point in the future -- maybe I'll come back to this and start down here, that

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you're making findings down line that because of a public health necessity and your inability to meet that public health necessity through other economic means and/or because of fish recovery issues and your inability to meet them through other means, combined with a finding that you have aggressively implemented those other things that should have been benefits to both of these, you're not getting there, then these findings would trigger reconsideration of your contingent strategy. Again, that could happen at any time down line in terms of your feedback on how the system is performing.

I think one of the questions we are eventually going to ask you today is not only about the details of these findings, exactly what you're trying to trigger and what the standards are, but also who is making these findings? Who is it? What's the group of people that at some point in the future, 2010, make a finding that public health necessity, fisheries recovery necessity, even after this implementation isn't enough, who is doing that and what's the form of that finding?

Once that happens and you're moving forward on the contingent strategy, what we currently have in the document -- and I've abbreviated a bit but I think

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it's consistent with the language -- when you move forward with a contingent strategy of an isolated facility, one of the conditions is you move to develop an export cap; that there is some effort to actually quantify exactly how much water can be moved out of the system.

This, at least as it's conceptualized, is independent of what people's entitlements are. Entitlements at this point are kind of irrelevant. It's kind of setting what is a reasonable cap to set? It may be set in regards to varying hydrologic year type which would be logical, it may not include transfers, but it's the concept that there will be an export cap set.

Also a condition of moving forward with a contingent strategy is some system to assure in-Delta water quality. Kind of related to that because of specific concerns about an isolated facility in the Delta region, there would have to be assurances related to seepage and flood impacts that could be associated with that type of construction activity.

Again, because of concerns about the concept of common pool, we have put in these conditions that there has to be some sort of long-term secured levee funding to keep the levees, regardless of whether you

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have an isolated facility or not.

Area of origin protections have been raised. That's perhaps not unrelated to the concept of an export cap. If you're going to protect area of origin rights, you're going to limit the amount of water that can actually be moved through the system.

Standard issues of regulatory compliance, issue that before you proceed or as you're proceeding you have to have a demonstration of beneficiary financing of the project and issues of operating authority and criteria.

Obviously operating criteria is pretty significant in terms of how you operate the system. Again, integrate some of these other factors such as in-Delta water quality, export cap. Operating authority has raised the issue of perhaps a broader consideration of who will have their hand on the valve, as it were, or hands on the valve.

And so those are issues that we have set up as conditions once someone has made the findings that you'd need to reconsider an isolated facility.

Now I'd like to get your comments on these and any detailed comments you have, but let me move quickly to the water supply reliability or water storage issue. And clearly we have set up conditions

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that must be met, and it includes improvement or progress on water transfers, water use efficiency. There has to have been economic evaluation to demonstrate the different costs associated with the tools that we talked about earlier and to confirm or show that storage fits within that economic evaluation. Progress on groundwater and conjunctive use, again a demonstration of beneficiary paying for the project, and kind of a standard issue of regulatory compliance as you proceed.

This sort of sounds okay for a general presentation, but this all gets down to definitions of terms or measurement of conditions. You'll notice in the document, and this is -- all this stuff is either on page 12 for conveyance or page 14 for surface storage. And we have terms like "demonstrated progress on," and terms of "aggressive implementation of common programs, high level of water use efficiency." Those sound nice, easy to fit on a page, you can put them on a bumper sticker, but what the hell do they mean and what kind of confidence do you have about judgments that will be made about those?

So I think we want to focus on two specific issues right now to kind of get some discussion going. The first one is on page 12, and in that document we

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end up with some sort of definition of a high level of water use efficiency. And if you look at that page -- that's not 12, it's 14, sorry -- we indicate that a high level of water use efficiency is demonstrated by two basic factors: A certain percentage of all of the water users in the solution area having implemented the plans, either water use -- urban BMP plans or the efficient water management practices for agriculture, 3616. That you would actually set some percentage that, whatever it is, 75 percent of the urban areas would have implemented their plans and 70 percent of the agricultural districts in the entire solution area have submitted their plans and had them approved by the Agricultural Water Management Council.

The second one is probably more significant in that in the case of storage which is what we are talking about here, anyone who would be a recipient of that stored water or a beneficiary of that stored water not only would have to demonstrate that they have prepared the plans and had them approved, they would have to maintain annual compliance and annual certification that they are in fact implementing their plans.

So that's one approach that we have come up with in order to identify what is a high level of

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water use efficiency; that a certain number, certain percentage of suppliers have completed the plans and those that would be recipients of the reservoir that you have ended up selecting as the least damaging and environmentally practical, the least environmentally damaging practical alternative, LEDPA, actually have not only done the plans but are implementing the plans and continue to be certified on an annual basis that they are implementing the plans.

I think at this point I would like to see if there is any feedback on this, as how we identify high level of water use efficiency.

VICE CHAIR McPEAK: Byron.

MR. BUCK: I guess the only difficulty I've got is have is how we come up with a percentage. Clearly we've got to have a high one and a credible one, but there's a problem with there may be a lot of areas of the state that may not really be interested in CALFED benefits that may have a secure water supply and don't have a drinking water quality problem and they'd have no interest in pursuing these plans because they have no interest in the outcomes of the program. And if they're included in the percentage, we could have the needs of many thwarted by the lack of needs of a few if we have the percentage set at an

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unrealistically high level.
We have to be clear that there is going to be some balance there, that there is connections with those who are going to meet benefits from the program.
EXECUTIVE DIRECTOR SNOW: What that means is you might argue for 50 percent and somebody else would argue for 99 percent.
MR. BUCK: Actually the number that I've provided is quite a bit higher than 50, but the problem --
VICE CHAIR McPEAK: What is it, Byron?
MR. BUCK: Ninety is the one when I was asked what was the number that -- and that's not an official CUWA position but that's the number that I came up with that ought to be a credible one. But we have to recognize that there are going to be some that don't see any benefit from the programs, aren't going to want anything from it, so they are not going to want to be held to task and you can have those people upset in that process.
MR. HALL: Lester, one principle that you articulated repeatedly and I think that we would support is that in order to get the benefits of the CALFED, you have to be doing these things. Is that -- has hat been -- that principle been abandoned in place

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of some percentage of statewide --
EXECUTIVE DIRECTOR SNOW: We have both. Certainly in the second one, if you're going to get benefits, not only do you have to have done the plans, you have to be implementing them, you have to be annually certified that you're implementing them.
The concept of the first, though, is that from a broader solutionary perspective we need to be encouraging as many people as possible to be doing these plans. I mean, on the one hand --
MR. HALL: But the point Byron makes is a valid point, nobody -- short of passing state law which is unrealistic, nobody can compel nonparticipants to adopt and implement these plans. So you really are jeopardizing the future of some, when they have really no control over what others do.
EXECUTIVE DIRECTOR SNOW: Well, I understand the point, but also up here is not going to be just a broader public policy issue as it is -- and it's probably not acceptable the thought that there's a district -- urban or agricultural district that just decides it doesn't care. It's not going to look at its water use efficiency issues and how it manages water.
MR. HALL: Again, that is a policy issue

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for the legislature to deal with. And if it wants to pass a law and the governor wants to sign that law mandating that all water districts in the state meet a certain test for conservation -- I mean if that's the way the public feels, then the legislature will do that. But it seems to me that is not -- I understand it's related to what we are doing, but I don't think it's the charge of CALFED to mandate a certain level of conservation and water use efficiency by all water districts in the state.
I understand the desire policywise; I support it. But if we all want that, let's go to the legislature and get it passed and not make CALFED the arbiter of what's right and wrong with water conservation in the state.
EXECUTIVE DIRECTOR SNOW: This doesn't exclude going to the legislature to make that happen.
MR. HALL: But what you're saying is you will condition improvement in conveyance. I mean there are some in the water community who don't want an isolated facility. You're giving them an incentive to not adopt these plans so that it won't ever happen.
EXECUTIVE DIRECTOR SNOW: In this case, this is a condition for storage.
MR. HALL: Still holds true.

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VICE CHAIR McPEAK: Actually, I wouldn't think so.
Okay, we've got a line of folks. Stuart, Alex, Howard and Martha.
MR. PYLE: My concerns here are that you target these plans directed towards the parties -- you know, if you are going to put this as a condition on storage, that they be related to the parties who intend to participate in the storage program. It seems to me very difficult to sweep in organizations, water suppliers who are not participating in that program and put a condition on them as related to storage when they may not be remotely related to it.
The other thing is that you need some type of a baseline statewide to make your judgment on whether there is any improvement in water use efficiency. You don't have that at this time. There should be some type of a program moving ahead to get a good baseline of what water use efficiencies are statewide so you can measure that.
EXECUTIVE DIRECTOR SNOW: Let me clarify. This approach here, you don't need a baseline. You don't need a baseline. You test how many people have done the plans and had them approved. Here you test how many have done the plans, had them

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approved, and are implementing them every single year.
MR. PYLE: But I'm asking whether that is meaningfully related to the construction of storage or if that's a statewide program. If it's just a statewide program, it's like I was saying earlier this morning, we have all of these items, implementation strategies that have to go ahead and it seems to me that water use efficiency should go ahead as a major program, a major focus of the state, both incentives and direction and legislation, whatever. But I object strenuously to trying to link that to the development of storage or the development of a conveyance. I think each item should push ahead independently with all of the effort that can be brought to bear on those independent items.
EXECUTIVE DIRECTOR SNOW: Can I ask a question, Stuart? If we sort of all agree that's the way that it should be, but you're five years down the road and hardly anybody is doing plans, hardly anybody is implementing conservation measures, what do you do?
MR. PYLE: Go to the legislature. I've been there myself. That's part of your plan and I believe you've got it written in here later someplace that legislation would be implemented so many years after -- I don't remember what the trigger was in

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here.
VICE CHAIR McPEAK: It's actually pretty fundamentally embedded in the approach here on optimizing efficient use of current supply and minimizing impact on the environment that would come by definition from new facilities, or at least that's sort of the working hypothesis, that there's also benefits that could come from a new facility.
But it's sort of fundamental to the general approach here that we are going to try to ensure that there is optimal efficiency of the current existing developed water supply. This is a given water ethic and you're questioning that.
MR. PYLE: No, I'm not questioning it. I'm saying that that should be a major policy of the state and that significant resources should be dedicated towards that end. But that doesn't have to be a contingency against doing something else.
VICE CHAIR McPEAK: Well, the reason that it is, the reason that it is -- I mean, you know, environmentalists don't want to accept that, but the reason that is being --
MR. PYLE: That's just the way they are.
VICE CHAIR McPEAK: No, no. It should not be a problem for those of you who or us who think

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that. It is an important approach to resource management that we assure ourselves, the public, future generations that we are using all resources as efficiently as possible. You ensure that you're not going to overdevelop.
MR. PYLE: You do not need the linkage, the assurance of Action A against Action B. You need the direction of the state's water resources management and development on all of these items at the same time and you maximize each one of them and you don't have to measure one against the other.
VICE CHAIR McPEAK: Somebody is going to have --
MR. HALL: Excuse me. About the end or the goal, we all want to see a high level of participation by water agencies in water use efficiency measures. The argument is over the means and whether CALFED should be the means by which we achieve this, and in particular, do we want to hold hostage those who are already doing it so that others will be brought along.
And the way you're holding them hostage is you don't allow storage to proceed unless you meet that certain percentage. So even those agencies who are going to participate in storage can't until

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somebody, some third party does that, and that violates certain principles of how we govern both in the state and the country.
If you want to say that CALFED should encourage the legislature to adopt a certain level of water use efficiency in the state, that's different. But to make CALFED the arbiter and then give it an implement -- a way to hold others hostage, we can't support that.
If -- as I said before and as Stu said, if you want to have the legislature do that, let's go to the legislature and debate it and decide what we ought to do. But let's not give CALFED some hammer over people who are willing to do it so that they in turn will be used as, I don't know, agents of CALFED to go out and encourage others to do it that won't even get any benefit out of it.
VICE CHAIR McPEAK: Let's get Byron, Howard and Martha, then Alex. Let's try to take these comments that are coming in new.
MR. BUCK: I think as a practical matter for a 404 permit and the least damaging practical alternative, you've got this kind of linkage. I do think ultimately we'll need to go to the legislature and get this because I agree with you, Sunne, that we

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ought to have a high floor for this. Because even if -- and I'm going to argue against myself here -- even if we've got an agency that doesn't need new water, doesn't need better water quality, is fine with their reliability, somebody else in the system does, and they are connected to the system and we ought to have a high level of efficiency across the system wherever it's affecting the Bay Delta.

VICE CHAIR McPEAK: Howard.

MR. FRICK: Further on what Steve says, in my own districts and Kern County we've adopted 3616 plan during the process, but it's very difficult to get interest in that area. The Kern County and basin is practically, from all practical purposes, a closed system. You don't generate any water with water use efficiency. The guy that over-irrigates excessively does not use any more water in the end result than the guy that uses the latest technology in micro-sprinklers or drip. There is no savings as long as you're over the underlying basin.

It's very difficult to interest those districts that are in that situation and spending money on a program that does nothing. I've encouraged them because we need to demonstrate that we don't waste water. But it's just tough to get people to

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spend money on doing something that has no result.

VICE CHAIR McPEAK: Martha.

MS. DAVIS: I agree, Sunne, with your point about optimization, and Byron you are right about the pragmatic --

VICE CHAIR McPEAK: Speak up.

MS. DAVIS: Is my mike on now?

Byron is correct about the pragmatic linkages of the system both in terms of the interconnectiveness of everybody at this point throughout California, but also the reality of the 404 permits and everything else. There's another direct linkage, and that is in the actual modeling that underlies all the programmatic EIR/EIS looks at level 2020 demand throughout the State of California.

As we refer back to the programmatic EIR/EIS is the basis of justifying storage or other activities in the CALFED program, there is a direct connection between that 2020 level of demand, how we use conservation to adjust that 2020 level demand, and how we ultimately justify the activity and actions that are going forward in the CALFED program.

So whichever way you look at it, good public policy, pragmatic 404 permits or the reality of the way that the programmatic EIR/EIS and the whole

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way of which we approached developing this program, statewide conservation and water efficiency has to be linked to these decisions.

I think there is a final element which I think Lester was reaching for which is in that matrix, that oftentimes the investments we make in conservation are not just water supply issues. We are relating it back to water quality and other benefits statewide to the system, and so what may not look like to be cost effective in one area as a water supply measure is absolutely cost effective as a water quality or other related benefits connected with the activity. So it would be very short-sided not to recognize that.

VICE CHAIR McPEAK: Alex, then Roberta.

MR. HILDEBRAND: I want to agree with what Howard said. There are a lot of water users in a lot of places, not just in Tulare basin, where there is no benefit in terms of the overall state water supply to going through all this planning process because the over-applied water is all recaptured and reused. It's not wasted at all.

And consequently, it makes no sense for people like my own district to go through this exercise because any water we over-apply is back in

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the river in 24 hours and hasn't been degraded, and consequently it make no sense to insist that districts such as those and other diverters should comply with some fancy paperwork.

VICE CHAIR McPEAK: Roberta.

MS. BORGONOVO: I think that this question goes back again to the credibility of the program that was mentioned before, but it isn't just credibility to those in the service areas. It's really credibility to the public. So I think that that was shown over and over again in public comments that Sunne is right, the public expects us to use our resources in the most efficient manner before we move on to other areas.

I think that all the users put a demand on the system and that really does go right to why we need the ecosystem restoration. So we, of course, have advocated for a long time a strong program of certification and compliance with some kind of -- with goals that have to be met.

Ninety percent -- if you take a look at the wording, it's 90 percent of retailers -- it's retailers serving 90 percent of the population. It's districts serving a certain percentage of the acreage. So to a certain extent, that means that the smaller

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districts that would have more problems complying really are -- may not be effective.

I think also that you -- what CALFED has suggested is that there are carrots there, there will be some money to help that along. And so all carrots and no sticks just won't give us that kind of compliance. But I think even from the agricultural perspective, I'm not interested in a lot of urban sprawl taking agricultural land. I definitely think it's in the agricultural interest to ask that urban demands be lessened; that per capita use of water go down over the long term, especially if we have population growing.

It's very good public policy. I think it has a lot of public support. I think that if this is part of the CALFED package, as Lester said, it doesn't preclude going to the legislature. It does mean that there has to be a lot of acceptance for that, which I hope will come.

VICE CHAIR McPEAK: Rosemary.

MS. KAMEI: I really believe in trying to achieve the high level of water use efficiency. However, as a district who has been really moving forward and working on BMPs and doing whatever possible and necessary to achieve that high level, I'm

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a little bit concerned about potentially being penalized in doing so. Because if we are looking at percentages, whatever that may or may not be, if those who are not interested in water use efficiency continue and here I am investing and trying to get others to come along to create their plans, why should I be penalized?

If I believe storage is necessary, and I like the matrix that Lester put up earlier as using it as a tool in trying to provide flexibility, but I am concerned and I think that my fellow board members are very concerned that because we have been aggressive, because we have been trying to do the right thing on achieving water use efficiency, now we are going to be penalized. So I think that that needs to be taken into consideration.

VICE CHAIR McPEAK: Well, this is another easy one. Just a couple of thoughts. The first -- or at least one of the dominant comments that I've heard from all of you is the notion of credibility as to how we are using water resources and sort of what I've called over the years the water ethics, just the notion of being as efficient as possible with the developed water supply.

There is, I think, all the truth to, A,

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what Howard says in terms of water that -- over-applied water and provided you don't have other leeching and contamination issues and you're over the basin, it goes right back into the basin. It's a groundwater recharge program that maybe under some other approach, National Heritage Institute or others would say is part of our great conjunctive use strategy. It's true in terms of the water in Alex's area that will seep back into the river system.

What really begins to, I think, pay off in terms of water efficiency is how we are able to stretch the supply when rainfall is very low because even if you are then pumping it back out, that's also a cost. If the farmers have gone to more efficient applications, you have the ability to better manage. So we introduce more flexibility on top of whether or not you agree.

As a matter of faith, I do, it's part of my religion, the water ethic of using every drop as efficiently as possible. I think there's also a lot to the credibility notion. So this has been based on an approach that embraces that idea that you use all water as efficiently as possible. I've spent a lot of my life living with some of you on the BMPs, Roberta spent more time and Byron now is continuing to try to

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implement it, and Larry and Bill and I sat there forever talking over how do you do conservation in the ag sector.

It's just -- you know, this should almost be straightforward, and we are not trying to penalize, set up hurdles, give excuses to anybody to block storage or to block action but to do the following conceptually, which is to assure that new supply that's developed, which some of us are going to argue that the facts will prove is necessary, isn't going to be wasted. That's the big fear. So we are trying to make -- find the right kind of linkages.

And I want to say some districts, as Rosemary is saying, in the urban area have very aggressively pursued a number of best management practices, done a lot of conservation. The number we hung on that when we signed that MOU on December, whatever it was, 1991, on the steps to the Capitol was a million acre feet. Nothing to sneeze at. That's a lot of water. And there's going to come a point where the demand hardens.

I don't know if any of you have checked your per capita daily water use lately. May I suggest you do that the next time you get a bill because I'm going to poll you at the next meeting to see what it

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is and how close we come to Pacific Institute's figures. I want to suggest that we've hardened demand a lot, there is still some ways to go, but there is probably an end to that as well.

So, A, there is this notion of just the efficient application, realizing that there is some practical limitations to it and water does go back to groundwater if it's over a basin or returns to a river system. But in times of short -- low rainfall we use flexibility in management of that supply if we haven't already implemented the most efficient use. And there may be -- there may be, some argue that there is not, but may be a point where we are beginning to level off that curve of how much efficiency, greater efficiency we can get from the system.

Now, figure out if this isn't good and this doesn't work, what you have to do is come back and give Lester a better approach that assures new supply won't be wasted and existing supply is used as efficiently as possible, whether or not it's CALFED's responsibility to implement it. Maybe it's the legislature. It's certainly our obligation to tell the legislature and congress what our ideas are to get to that goal.

EXECUTIVE DIRECTOR SNOW: Sunne, I'm

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concerned that your request to share water use information could result in low attendance at the next meeting, but...

I want to amplify the point that Byron made and Martha concurred in, and I hate to come down to kind of a narrow regulatory issue but we had a lot of discussion earlier about the concept of a programmatic 404, and in this context that there's no silver bullet, you're trying to do a lot of things from a water management standpoint; improving water quality and increasing drought supply, decreasing drought impacts and that sort of thing.

And I think where we are headed in the programmatic is to show the role that surface storage plays in the context of all these other activities; conservation and reuse and transfers and water banks and all of that stuff. And so that means that you're going to get potentially approval to do surface storage but only under the assumption you are going to make progress here.

I don't think it's ever going to be an option of saying, well, people should do the best that we can and then we will deal with it later. In some fashion I think there is going to be some standard and whether it's this one or not, there is going to have

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to be something that's broader that's not going to be just isolated to those that directly get water out of that reservoir.

Even though when we evaluated the potential savings, agricultural savings in the San Joaquin Valley, by some people's perspective we came up with a very low number because of the basin efficiency issue that both Howard and Alex have talked about. That low number, in the context of current conflicts in the delta over fisheries, is a large number. It helped solve some of those problems and so it does mean that needs to have some broader assurance. And if what we're hearing is we need to change that first one into a demonstration of a high level of water use efficiency is a state law requiring plans be prepared, then we need that recommendation.

We need to figure out how we go about doing that.

VICE CHAIR McPEAK: I'm sorry. Robert.

MR. MEACHER: If I could make a comment, Lester, and Sunne might be able to help me on this, both of us coming -- Sunne from county government and me being in county government right now, I would suggest, and part of our watershed committee discussions from the supply side we have discussed in

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great depth the fact that the counties hold the key to the land-use planning within those jurisdictions, and I would submit for discussion if -- not necessarily here but at a later date, that that percent that we are looking at up there be addressed through the county general plans because the planning agencies have the ultimate responsibility of how you use that land, and if you have water use efficiency components on that in each general plan both on supply or demand side, then you can be assured that is going to be taken care of.

That would be an avenue that I would suggest taking a look at rather than going to Congress or the state government. You could mandate it through the state government if the counties weren't doing it, but I'm sure there is incentives on both sides and that's what we were looking at from the watershed program as far as funding mechanisms to those jurisdictions is making it contingent upon some sort of perhaps general plan enhancement to deal with those issues.

VICE CHAIR McPEAK: Martha Davis new chief executive of the California Land (inaudible) leading the fray.

Roberta.

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MS. BORGONOVO: I am glad that Martha is going to be doing that because linking land use to resources is, to me, key and I think it's also key to the whole watershed management program.

I wanted to just go back and ask Lester, when it's linked again to surface storage, there I go back to the uncertainty issue. Supposing there were miraculous flexibility, miraculous results in both ag and urban and even in the ecosystem program, do you still see surface storage as being lost? I'm really asking it not to be argumentative, but just because there continues to be that uncertainty.

And so if you go back and you find that urban -- first of all, you would address the question that Martha has brought before, which is that the demands might not be what we think they are. They might be achievable through a water group through a conservation through the year 2020. The other thing that conservation does is gives us the flexibility and helps reduce conflict in the system, which is one of the CALFED objectives. And I think that is true in the ag community, too, if they are feeling the results of changes going on, the conservation gives them the flexibility to help stay in business.

One of the problems in working in AB 3616

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was that the ag community for many reasons saw it as punishment; I never really saw it as punishment. It may still be viewed that way. I saw it as a way to stay in business.

I really do ask the question just philosophically.

VICE CHAIR McPEAK: What would be your definition of miraculous?

MS. BORGONOVO: First of all, every time we talk about 90 percent compliance or all these arguments, when we talk about 90 percent compliance in the ag community there is this sense because of all the reasons you've said, because of the way the groundwater basins work, that you wouldn't really achieve any real water, but if you are able to achieve again a reduction in the drought years is where the real problem is.

And if you could bring in what the DEFT team may recommend or the way in which you can operate the system to really help fisheries and you're able to show that through conservation and reclamation, maybe some groundwater banking programs, you are able to meet that deficit and you truly don't have this fear that is in the ag community that you're really threatened, is there a possibility that we will not

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need surface storage?

That was really my question before.

VICE CHAIR McPEAK: I wasn't being flip when I asked about miraculous because I am prepared to answer from my perspective your question with numbers, with the projections that I work on, and to tell you what I think is the range of need for storage, how I concluded that. I've also said I'm willing to bet I'm wrong that we won't need storage, and the way to do that is to get on a very aggressive way with the rest of implementing -- implementing the rest of efficient water management practices.

In a way, as Stuart is saying, I happen to say I think it should be linked with storage. I'm happy to run through those numbers with anybody and tell you why I think however you slice it and however aggressive we can think of in terms of conservation, reclamation, and a water market, which in my opinion are the three principle tools of efficient water management, we are still going to be way down in meeting supply or meeting demand for supply for the environment and for the economy, including ag, in years of extended rainfall, low rainfall or drought.

MS. BORGONOVO: One of the things I like about the phased implementation program is we are able

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to answer some of those questions. Let me ask you, supposing what you have in your mind you think absolutely dictates at some point, do you have a figure in mind and what would happen if through all of these different combinations and programs we would have to meet your idea, supposing we really don't find the demand that high?

I mean that is really my question because I think that the presumption that there will never be security for ag that is there for all the rest of us, too, I like the idea where we actually really take a look at the -- I really -- when he said the numbers really do matter, the demand projection really does matter. It drives fear in the ag community and it drives fear in the urban water agencies. It scares the heck of out of me. When we have concern about the environment, the figures do matter.

So the idea of really getting the right figures is very important, but also the right economic analysis that includes the environmental cost. So that's really my question.

VICE CHAIR McPEAK: To keep everybody coming back after lunch, I'll tell you what. I'll answer your question right after lunch, tell you why the figures matter.

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MS. BORGONOVO: Lester has to answer, too.
VICE CHAIR McPEAK: But I don't care what his answer is, but everybody gets to come back after lunch and I will answer that why, why the figures don't matter or why they matter a whole lot.
Lester, if you will finish up, then we are going to hear from Steve on the schedule, then I'm going to take the two public comments for which we have cards; are Gary Bobker and should be Ronnie Cohen.
EXECUTIVE DIRECTOR SNOW: All I'm going to do to finish up is hit a couple of points. I don't think given the time we want to engage in discussion, but I want to put some markers out there.
One is simply a new item we also have in the demonstrated progress on water transfers and struggling with what that means. We established some things that came out of the water transfer work group in terms of the clearing house. There is a uniform policy on impact analysis associated with all transfers, that there is a process for forecasting and disclosing to the public; there is kind of a probability, what's your probability being able to move water that you purchased; issue of uniform rules

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on transferable water, and then concept of an in-stream transfer registry, some of those things being the markers that we use to make the determination that there is demonstrated progress. That is something that needs further discussion.
The only other thing that I want to mention is to go back and reiterate how important those are in terms of conveyance. What is the finding mechanism, trigger mechanism with respect to public health, and a determination that we have exhausted every other economic means, fish recovery and these conditions. And then having to define these further: What is an export cap exactly? How do you provide protections to in-Delta water quality?
These are all very important. Obviously we don't have time to discuss them and still deal with the other issues, but I think we need input into the specifics. We don't need philosophical exchanges anymore. We need to get down to some of the specifics. And it always begs a question, which I may get a chance to talk about a little bit later, if everybody in this room agreed on the conditions and triggers, findings, you're going to ask the question who is going to decide? Who is on that board or panel and what's the public's involvement in that? Do they

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sit down in a closed room somewhere? How is it reviewed and what's the process for it?
So I think at least that queues up a few issues. Maybe we can go ahead on the schedule.
VICE CHAIR McPEAK: Hap is going to answer that last question.
Steve.
MR. RITCHIE: This is just a reminder on the schedule because what we have been talking about are decisions that need to be made, and we're facing a very strict time schedule. They need to be made rapidly. There's slots of the overall schedule which calls for the preferred alternative December -- the overhead shows December 15. I can predict right now that is going to look at like December 31st at 11:59 p.m. to get through a few process and the final record of decision and certification at the end of 1999.
I want to go for that -- back it up. Knowing that this is the schedule to be around to get things out, what does that mean? These are some of the important dates for us. First is release of the draft Phase 2 report for review on October 9th of this year. The Phase 2 report would include the framework document that would be modified based on a lot of the

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discussion here, plus summary of the comments and responses, plus summary of the program plans and a large number of other things.
I believe there is an outline table of contents for the Phase 2 report that's available today. But basically that would be out on October 9th, so we need the document to seriously discuss, just as we discussed serious discussion on the August framework document.
Secondly, October 23rd is our date to have a camera-ready copy of the administrative draft EIR/EIS to go to the printer so that the administrative draft can get out to the agencies. The Phase 2 report would continue to be passed that activity -- that would be the real brief of the decision would be in the Phase 2 report, not the administrative draft, and I believe there is a BDAC meeting October 29th which would be where this group would be able to sink its teeth into the October 9th Phase 2 report. Last week to meet the end-of-the-year deadline. We have to be to the printer on December 7th, 1998, so that these decisions that we are trying to grapple with have to come together so we can get the document by that date so we can get to it the printer.

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Going back once more to the overall schedule, there is one thing that a lot of people need to keep in mind; that is, we keep talking a lot about what the Stage 1 actions are. They are different from the programmatic decision. Again, the decision is a programmatic decision. Obviously people want to know a lot of details to make the programmatic decision, but the actual actions are things that would carry on past that.

That is the quick shot of the schedule to emphasize there is a short period of time in which we have to grapple with these issues.

VICE CHAIR McPEAK: Are there questions to Steve?

MS. DAVIS: Steve, are their separate environmental documents for the Stage 1 actions?

MR. HALL: Yes, the Stage 1 actions would have separate project specific documents. I think where you might have a cluster of actions all with a single project specific environmental document, those documents would have been tiered off with the programmatic EIR/EIS.

VICE CHAIR McPEAK: Are there other questions for Steve or comments?

I want to share publicly what I have shared

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with the staff, that it is about this timetable and the process, the integrity of the process, that quite honestly should get communicated to the CALFED's to the state and federal administration.

The timetable as laid out is very aggressive, and I know Mike Madigan and I have both testified in a variety of arenas that we want to keep to a very aggressive schedule, and certainly the business community thinks it's been already too long. So we want to see a very aggressive schedule adhered to.

What I am fearful of in this timetable is the rush to produce another 2300 pages without having engaged in decision making that will make a difference of whether or not we reached consensus. And getting to that point I think deserves a document or a response document to the comments that were submitted so the people know what is being done. Both the two administrations and the CALFED agencies all make different time conflicting demands on Lester and his staff for their own reasons, for maybe even, God forbid, partisan reasons, and sometimes I think that has been and is endangered or threatens to endanger the process.

As far as I'm concerned, the most important

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document that we are working with is the framework, and that it would be almost a useless exercise to produce another 2300 pages, next generation draft EIR/EIS, unless there is an agreement around components to it. And that doesn't get done by additional studies. It doesn't get done by staff writing a lot so that people can have a document. It gets done by folks like us in this room and your constituents really get to the heart of what the matter in that framework document is.

So Lester has just come back in the room. What I've shared this with, I've stated publicly on the record, Lester, the concern I shared with you directly; that I hope that you are not put in a position to do a lot of false, unnecessary work that doesn't go to what is going to be productive to the process of addressing, A, the comments that we got to begin with, and getting and facilitating the consensus around the framework document.

Do you want to comment?

EXECUTIVE DIRECTOR SNOW: No, I agree completely that the practicality of getting this problem solved is in resolving these issues around the framework document. It's the highest priority, getting into these detailed issues on these

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conditions, how we proceed, how we link things together. Environmental documentation without resolving those issues is pointless. It's a paper exercise.

So I think we have to push on those issues. We have to move people off of positions and symbols into real solutions to these problems and how we can all move forward together.

VICE CHAIR McPEAK: Okay. Any further comments or questions on this?

We are now going to move to the public comment. We have Gary Bobker. Gary is pacing. Gary is moving the microphone. Pat McCarty here also chairs the Delta Protection Commission. Appreciate seeing you again.

I wanted everyone to be aware that we invited all members of the Delta Protection Commission as we do as a matter of practice in every region invite the elected officials, local, state and federal, so everybody is being asked to come into this wonderful big tent.

But glad you're here, Gary.

MR. BOBKER: Thank you, Sunne.

VICE CHAIR McPEAK: Three minutes and I'll let you know and conclude in the next two.

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MR. BOBKER: Gary Bobker with Bay Institute. I want to thank Steve Ritchie for presenting the latest episodes of Fantasy Island. I want to talk about uncertainty because it seems to me that we all acknowledge a tremendous amount of technical, political and economic uncertainties involved in this process, and supposedly we have this process called adaptive management to deal with it.

But I think based on that, the adaptive management, for the other guy and certainly for me, I want to talk about adaptive management and how I think CALFED needs to integrate it into the framework in getting to an alternative.

I think CALFED, as Lester presented the latest drafts, is dealing with uncertainty. In adaptive management you have objectives, you have a clear sense of where you want to go. You have an implementation strategy and in that strategy you try to identify where you're certain that you can achieve what you want, and where there is uncertainty, where you don't know what you need, do you need to do something? If you do it, will it be effective? And even if it's effective, can you implement it, which usually means, can you pay for it? Once you have implemented it, then you assess it, see if it was effective and then

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you refine your strategy based on your assessment.

I think where the CALFED strategy falls down is in those last two. We need to acknowledge the uncertainty of the implementation measures and we need to learn from experience rather than prejudge what we are going to do 10 or 20 years from now.

There are very strong arguments for an isolated facility. There are very strong arguments for additional surface storage. There are also very strong arguments against isolated facilities and against surface storage.

There are legitimate differences. There are legitimate uncertainties and we cannot paper them over. So how do we address those uncertainties in dealing with water supply reliability because that's where it all comes down to: No. 1, we need to know what the objectives for water supply are. They aren't just what people say, well, I want more water, I want more water yield. Well, that's nice but that's not the only water supply objective here.

I think Lester identified that there is a lot of different water supply objectives and we need to know in a lot more detail what the appropriate objectives are for different sectors. For some it may be less disruption of their supply because of the

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native species issues. For others it might be increased yield. For others it might be a certain level of economic activities. For others it may be a redistribution of water using the market many of us have referred to. But we need to know what those objectives are.

Secondly, we need to know where there is uncertainty and right now the surface storage is mostly what we are talking about. By the way, it's not our position in the environmental community that surface storage should be off the table, but we need to acknowledge the uncertainty: No. 1, do we need it? People like Martha Davis have made a very strong argument (inaudible) that consistently underestimate the ability of other tools to meet supply needs.

Secondly, do we think -- do we know that storage would be effective. Well, No. 1, we don't know how much water we will be able to generate from the other tools that we know we are going to have to do anyway. The conservation tool, the recycling tool, the conjunctive use tool. We don't know how successful we will be. We ought to give them a chance.

We also don't know whether surface storage is most effective. We probably should have more

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storage to have flexibility in the system. But what about conjunctive use? What about the operation of existing reservoirs and what about the flood restriction. That is going to change the picture. We don't know how. Maybe we better learn before we make some multi-billion-dollar investments in infrastructure.

And finally, there is uncertainty as to funding when -- things that I don't hear, when I hear very strong advocates of very vast storage is how they are going to pay for it. I'll tell you there's not a lot of public support for building. There is public support for doing the Stage 1 actions.

Let me finish by saying that I think there are two directions that we go in the CALFED program right now. One is acknowledge these kinds of uncertainties and deal with them honestly, build a strong Stage 1 program so in the next ten years we will test a lot of these hypotheses, we will do the things we know we have to do and see how successful they are. And we will establish sound processes, new entities, new processes for both matching the ecosystem and for coordinating our water supply activities using transfer clearing houses and other tools to get us beyond ten years. And hopefully those

processes will be sound. That is one way.

The other way is we can reduplicate what just happened with the water bond where we had an imperfect package -- I'm just about there -- we had an imperfect package where nobody got everything they wanted but it would have moved the water supply management package forward. It would have been a little something for water quality, a little something for water conservation, a little something for water supply reliability. But because there were people who did not get everything they wanted in commitments to major new surface storage, we didn't get anything at all.

That is the other thing, if we have an insistence on solutions where we don't know that we need that, don't know if they are effective and we don't know if we can pay for it, this process will probably go under and we will go back to a climate where my community will go back to using regulatory enforcement and imposing statutory solutions. You know, that simplifies our advocacy or political campaign or fundraising, but it's a real failure of policy.

VICE CHAIR McPEAK: Ronnie Cohen.

MS. COHEN: Ronnie Cohen for NRDC.

I agree with a lot of what Gary said so I'll be brief. I think from NRDC's perspective, and we have not approved yet that storage is essential or the most efficient way of meeting or achieving the liability of the ecosystem goals and at long last we were happy that CALFED had started an economic analysis to evaluate the water management options and a bunch of us were participating in those meetings.

Unfortunately, I've heard that in the rush to get the new EIR out that resources have been pulled away, that study has effectively been stopped. Please correct me if I'm wrong but I think that would be a huge mistake. I think without a D-EIR, without (inaudible) I doubt that we can continue with that type of analysis.

Second, I agree with Roberta that the presumption in the framework document should be that -- or should be similar to the approach that we take for the isolated facility, which is that we won't go ahead and build these potentially very damaging and expensive facilities until it's proved that they're necessary.

And I think that CALFED really had a good approach with the isolated facility in setting up the DEFT team and saying, okay, we are going to charge

this team with saying how can we meet fish recovery goals with the existing system? Not can we or can't we, but go ahead and do your best, give us your best shot so we achieve recovery with the existing system.

I would like to see a similar team set up with a similar charge on the water supply reliability side. Set up a team and say, okay, tell us how we can meet water supply reliability goals without building a lot of new surface storage, see if they can do it. Let's see what we're coming up with.

There is a lot of uncertainty, but until someone has an affirmative charge to go ahead and develop that plan, we are not going to do it. We are going to be in this, yes, we need it, no, we don't need it. Without the underlying plan to get there from here, we then have the option of adapting as we have that information and as we see how those other tools work.

Finally, I agree with Lester that the conditions are going to be really key here, that as Gary said, we in the environmental community are saying no way, never, there will never be any surface storage. But the conditions we are pursuing AB 3016 water supply (inaudible) as the necessary assurance of efficiency, that is not going to do it for the

environmental community.

It doesn't matter whether we go to the legislature and they mandate it. It does not matter whether it's in CALFED. It's not an acceptable standard to us. It doesn't offer us an acceptable assurance and we have offered and are interested in working with CALFED to put some more meaningful assurances forward in water use efficiency, including measurement and pricing mechanisms and other measurable targets for water use efficiency. But they're not there, and in the current AB 3016 plan that is just not going to work for us.

Thanks.

VICE CHAIR McPEAK: Thank you.

Ladies and gentlemen, we are going to now break for lunch. We are asking that the BDAC people stay close, eat fast. Let's see. You're scheduled to be back at 1:30. So we will do that and then probably come back, also see if there is any further comment on Lester's presentation before moving to the rest of the agenda.

Thank you. We are hereby adjourned.

(Lunch recess)

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VICE-CHAIR McPEAK: Ladies and Gentlemen, would you please take your seats. We'll reconvene the Bay-Delta Advisory Council.

We next have up on the Agenda the report on CalFed conservation strategy, and actually, I promised you to give a report or a response to Roberta's question about miraculous conservation.

This side of the table, by the way, was here earlier and they get to leave before the other side of the table today (indicating).

Roberta asked a very, I think, a very fundamental question about efficient water use and conservation and how it relates then to what would be the implication for storage, and I asked back "What would be your definition of miraculous?"

And in part we're suffering from not having maybe some specific numbers, and I promised to share with all of you at least my tally of what I think is possible with efficient water use and why we have concluded that there is a likelihood that new storage will be needed and, therefore, worth exploring and that's why I have supported the notion of the approach that's in the framework of it being assumed it needs to be studied now and if then proven not to be needed not constructed.

I'll give you the gross numbers first and then

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I'll give you the details.

As I look at what is possible through efficient water use in California my numbers range from two-and-a-half to 3.75 million acre feet and in most people's calculations that's a fairly aggressive number, and on the other side of the ledger of what is the demand not met or the deficit that we will experience conservatively is in excess of four and a half million acre feet.

When I compare those two, that gap is worrisome enough for us as a threat to instability and supply for both the environment and the economy and if there is damage to the environment we know the economy is always undermined that we argue that it makes sense to now look at the storage potential and not to delay. And in the meantime pursue very, very aggressively all of the water efficiency measures that I am about to itemize for you and hope that we prove not in studies or in calculations and projections only but in reality how much water can be saved.

And it's that approach to the empirical evidence, that is, actually getting on with the business of doing efficient water practices, that causes me to say the numbers don't matter as to what's in Bulletin 160. We shouldn't debate so much about what are the per capita consumptions, although I like numbers and I'm going to give

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you some numbers and I make a living on numbers and they are very important at times, that what really is going to count is how much water can be conserved and saved.

So let me run through what my numbers are on the ledger -- side of the ledger for efficient water use.

First, on the existing MOU for urban conservation that has been signed the projections and estimates that we delivered, the State Water Conservation Coalition in conjunction with DWR back in 1991, was a million acre feet.

But what that doesn't include is the newest outdoor landscaping best management practice and tiered pricing, which I would even be willing to concede another quarter of a million to a half a million acre feet.

MR. PYLE: Sunne, is this urban?

VICE-CHAIR McPEAK: This is just urban. This is just urban. The BMP -- the MOU signed in 1991 to be phased in over a ten year period would save a million acre feet. That did not include an accurate evaluation of outdoor landscaping, which has just been adopted this last year by the Council and it does not include tier pricing.

So adding that on top of it and being aggressive I'm saying you could put another quarter to potentially a half a million acre feet on that side of the ledger.

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MR. HILDEBRAND: Is that with the present population or additional population?

VICE-CHAIR McPEAK: It's the current population.

MR. HILDEBRAND: So that doesn't crank in the 20 million --

VICE-CHAIR McPEAK: Listen, let me finish because it's the other side of the ledger that the growing demand offsets it actually, Alex.

The State Water Conservation Coalition also looked at the full potential of water recycling, reuse, reclamation by surveying every potential project that was either in planning, design or construction and delivered to the State Water Resources Control Board the estimate of about a quarter of a million acre feet in the next decade or so and up to 750,000 acre feet over a 20 year period.

So I put in that -- the next item on that side of the ledger is a quarter million to three-quarters of a million acre feet for reclamation.

All of the studies that have been done on a water market that are theoretical, we think a water market could be very, very helpful but might have a shift of use and savings on the margin of about a quarter of a million acre feet. We would have some distribution but about a shift of maybe a savings of a quarter of a million acre

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feet.
Watershed management. I just talked to Bob during lunch, but I think I have on my column about a quarter of a million to a half a million an acre feet for watershed management savings. Change practices in agriculture and voluntary land retirement in areas where we know we've got water quality compromises going on, somewhere between 250 and 500,000 acre feet, and potentially the reoperations of facilities as we have them today, a quarter to a half a million acre feet.
Now, that's what I get -- that's what I put on my side of the ledger for efficient water practices and that's two-and-a-half to 3.75 million acre feet.
On the other side of demand or deficit is the following: The Colorado River going from five eight to four four, I put a million acre feet there even with reoperation.
There is two million acre feet groundwater overdraft annually in this state.
We had a shift of 800,000 acre feet from the CVPIA. Delta outflow or estuary outflow that is not happening today that I think is necessary based on the numbers I see and Dick Daniels better be able to correct me but conservatively at least a quarter of a million acre feet to 750,000 acre feet annually. Trinity when we take

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that out that's 300,000 at least and new demand very conservative even with all of the efficient water practices that I've just talked about over the next 20 years in California and I think the population projection figures will not be realized historically in California. They never have been realized as per Bulletin 160, but 250 to 750,000 additional acre feet is what's going to be necessary probably for population growth.
That right-hand side of the ledger is four and a half million plus.
The difference is at least the ranges from two to -- one to two million acre feet difference.
To get that kind of new supply yield given the way engineers calculate yield, you would build something on the order of three million acre feet storage even with aggressive conjunctive use, because I've still, and I've said this to folks who advocate conjunctive use, there is still even with the best percolation rates on groundwater basins it's nowhere near what precipitation rates are and so in my small way of thinking about this you've got to be able to capture water that is truly surplus to the environment and any time we capture water it's taking it away from the environment, I just happen to think that in times of very heavy rainfall or snow melt it's probably in excess of what is needed at that time for the environment

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so you have to have the ability to capture it.
It's those numbers that lead us to conclude it makes common sense to today study the potential for additional storage.
Now, you've asked a question, I've laid it out, what I'd like to invite is -- I'll put it in writing for you -- give us back your better estimates, refine what we've got.
MS. BORGONOVO: If people in the environmental community will try to do that but we can also then give you a different view say of how you might treat groundwater overdraft if you had the influence of pricing and that goes also to the influence that it might have on both ag and urban conservation. So, it mean, that's an absolutely legitimate debate and I think that the more different groups put that out there the better and I thank you for that. You didn't go through all of the lists. I didn't want just conservation but I wanted to go back to the question you asked David Guy and that is why would you build the surface storage if there were a cheaper way of doing it?
Is that part of the CalFed assumption that if you have a true economic analysis, if you're going true lease costs, you have all the factors in from ag, urban and the environmental sectors, that in effect you might do all

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of these things and not build the surface storage. That was really my question to Lester.
EXECUTIVE DIRECTOR SNOW: The question is is it possible you'd get so much savings that you wouldn't need the storage?
MS. BORGONOVO: It isn't just savings. It's meeting the water reliability that people put out there, through everything that you have here.
There is groundwater storage in there. There is conservation. There are transfers. There are some kind of financial packages that might influence water use. There is re-operations in there, and if you had all of those together, is there -- did you see a possibility that you might not need the surface storage?
I mean, I like the idea of moving forward to answer the questions because there's great uncertainty. Sunne, it's as you point out, you're still a million acre feet difference between the worst case scenario and the best case scenario.
VICE-CHAIR McPEAK: Correct. Correct.
EXECUTIVE DIRECTOR SNOW: Well, I think -- this is only a partial answer but I think, you know, the way we've structured the program, particularly in terms of beneficiary's pay, which is one of the conditions, you do have the option that you get to that point and

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you're pulling the trigger and those who would benefit decide that they really don't want to build it and so that could be a potential outcome. The thing that I would add though in terms of the complexity of managing the competing needs in the system and where we are today with the endangered species in the Delta, with the prospect of the Trinity loss, with the return of the Trinity water to the Trinity and not to Sacramento, that you're trying to match up very specific flows.

As I mentioned earlier, where you really need to materialize a specific flow of a specific temperature to achieve a specific objective, and that's really hard to do with conservation in Southern California, to be able to manage the system in that real-time mode and that's where storage really steps in and performs very differently than other tools.

But the answer to your question, the way we've structured the program is that those beneficiaries that would be pursuing storage at that final analysis could decide that it's not cost effective for us, that that's too expensive of a reservoir, and the problem is, which I know is kind of unsatisfying to the environmental community, is that kind of detail only comes at the project level analysis when you know exactly what the project is, which reservoir site you've picked, what the operating criteria

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are and how much it costs to construct. Right now we've shown ranges of $200 an acre foot to $1200 an acre foot depending on operating criteria and location of the reservoir, so it's quite a wide range and you don't narrow that range until you get down to the feasibility level analysis.

VICE-CHAIR McPEAK: And when I've said the numbers don't matter, what I really am trying to say is we've got to find out in reality, A, how much we can save in efficient water practices and, B, who is going to -- who is willing to put up how much money for storage.

Because even if we were, for example, to look at the -- whatever numbers you want to assume on per capita consumption and then put that against whatever are the demands or population growth figures that you would like to run, and that might end up implying a certain amount of additional supply needed, unless people are willing to pay for it it's not going to get constructed in the way that we are approaching this at the user's pay.

MS. BORGONOVO: Just my last final comment -- I do thank you for taking all the time to answer my questions. I did like Ron Cohen's suggestion that there'd be a similar team on water supply reliability that would look at these issues without the surface storage just so you have comparison and you have the same opportunity

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from all sides to come in and look at where that might go.

Because it seems to me that the DEFT team has taken an interesting tact in that they've certainly had stakeholder involvement but they just kind of broaden their vision of how they look at it.

VICE-CHAIR McPEAK: Alex and then Howard.

MR. HILDEBRAND: Sunne, on those figures you went through you had a figure to take care of the population growth.

In arriving at that number what assumption did you make regarding the source of food for the increased population?

VICE-CHAIR McPEAK: I did not assume that they were going to either eat or be clothed.

MR. HILDEBRAND: That's an interesting assumption. You know, some of us look better with clothes on.

VICE-CHAIR McPEAK: And please keep them on, Alex. Maybe it actually would help if we didn't so, I don't know, I'm desperate enough to try it all.

In California we don't today grow all of our own food. We have a lot of imports, exports. We supply food for the rest of the world and we don't grow all of our own fiber, but I didn't put that, that complexity into this equation.

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Let's see, Byron.

MR. BUCK: We've run the same numbers, same analysis, come to slightly differ numbers. We basically come out with you're either 2.2 million acre feet short at 2020 or 4.4, depending upon what you want to assume in assumptions on how aggressive you are with conservation, taking into consideration --

VICE-CHAIR McPEAK: See how much more conservative I was?

MR. BUCK: -- factors that Dennis O'Connors brought up but I'd like to bring your point about DWR's population forecast. I've got the graph here. They've done seven forecasts since 1966. They were low on six of them. They were high on one of them, and that's what's really driving the basic equation. Everything else is nibbling at the margin of how much we can get, particularly out of urban conservation so I would agree with you that at the margin it doesn't make a difference in the alternative selection we've got.

All of the storage we are realistically talking about is probably going to yield less that a million acre feet down at a level people can afford so we've got a huge gap left that ultimately the market is going to have to take care of and we've got to have a system where the market can do its work and right now we

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have a system that's broken and the market cannot do its work and meet that gap.

VICE-CHAIR McPEAK: Martha -- Howard.

I'm sorry. I called on Howard and then Martha. Howard.

MR. FRICK: You know those figures are very interesting.

To me it's obvious that what's happening if we don't address it, is the San Joaquin Valley is getting set for a big hit.

Farmers can only afford so much for water and, you know, I hate to see what I think has happened in CalFed. You get into politics, you get into decisions on what's represented.

I think you're hearing so many concerns on various facets that we don't want to face, I guess. I think we are not getting all the facts in front of us that we could. I think you could do a much better job of defining just what conservation will do, what water use efficiency will do. I think that has to be defined rather closely.

Also, what transfers would do given a certain water transfer, how it impacts the person giving up the water, and I don't think we've done a good enough job -- we have not seen a good enough job of that done.

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I don't think we should be deciding now if we should do a stage process of Alternative 2 and go to 3 if necessary.

I think we ought to get all the facts in front of us, all of the assumptions quantified. I think we have politics ahead of facts and you don't have all of the information you need.

And the reason I say the San Joaquin Valley is taking a hit, the Sacramento Valley is never short of water. Urban people will get the water they need and if ag is going to give up water to meet this shortcut the public needs to know it. We need to tell them, and maybe they don't agree with it, I don't know, but if we don't, we'll go down this road saying yeah, we can save this much. We can transfer so much. Water conservation gets so much and ag will continue the way it has. It won't. If that's going to be the public policy, let's tell people so they can make the decision based on the facts and not on the politics.

VICE-CHAIR McPEAK: Martha.

MS. DAVIS: Sunne, I'm sorry. I was late walking in the room and I didn't hear all the numbers and actually I'd like to get a copy and would love to work with Roberta to try and figure out how all these numbers do come together.

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It does strike me that it is important to make sure that we are basing these problem solving efforts on the best information we have available to us.

I think the information that has come out of the Office of Research with Dennis (inaudible) here if you have questions, does raise a question about our assumptions about where our water demands are versus the events in the last decade that may have changed the actual water demands, particularly, in our urban areas, and it's a credit to the Metropolitan Water District of Southern California and all of the other water agencies that have been investing in water conservation that urban demands having so much lower than what anybody projected and what we are looking at, and particularly looking at how to share water in the agricultural urban resources, I see the success of my community in Southern California as contributing to flexibility of the overall system and making sure that there is water both in the environment and for the agricultural areas of California and so I look at those numbers that have come out of the Senate Office of Research and I think they raise some very important questions for all of us in terms of trying to make sure that our conceptualization or assumptions about what the demand -- water supply problems facing California, making sure that we are not making assumptions that are based on

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old patterns of consumption of water but instead there may be a new reality out there as a result of the success of these conservation programs and water recycling and other things that we can do to provide a match between our urban needs, agricultural needs and environmental needs.

I think this is an issue we are going to be struggling with but it is important to try to get that baseline right because it is that baseline that we are using as the justification for the actions that are proposed in the preferred alternative.

VICE-CHAIR McPEAK: Stewart. And then we'll go -- we actually have a presentation on water conservation.

MR. PYLE: About a 30 second observation.

Everybody is talking about averages. Don't forget everything is fine on the average. It's the droughts that kill us. You know, the whole project problem happens in the droughts. You are talking about a state water project that can deliver its entitle in yield in about three out of ten years.

VICE-CHAIR McPEAK: Thank you and actually very, very important, very important to comment on because obviously I was running average year potential savings and demands on the average but it's when we've seen that 3rd, 4th, 5th year of extended rains -- low rainfall or drought

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that we've been in the most serious conflicts, serious problems and stressed environmental conditions.

Thank you very much for adding that.

Let's go to Marti Kie for the presentation on conservation, our conservation strategy.

Tell us the facts now that we've been doing other things.

EXECUTIVE DIRECTOR SNOW: I want to make sure I clarify on this point, conservation strategy is a term of art that we have crafted and taken from the Endangered Species Act as well as the California Endangered Species Act and it is the conservation of critical habitat for endangered species purposes as opposed to water conservation.

Although, Marti, go ahead and explain our conservation program (laughter). I'm sure Rick doesn't mind.

MARTI KIE: My name is Marti Kie, I'm a CalFed staff working on the habitat conservation program or the conservation strategy as we've now titled it. Through my 18 years as a wildlife biologist I've kind of been able to avoid public speaking. The only few times I've done it I've had a dark room and bright, beautiful slides of charismatic megafawna (phonetic) on the screen. Today we have our CalFed overheads. I'm here to give you a real

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brief update on what the conservation strategy is and where we are going and what it will look like at the end. I'm hoping that most of the time of my presentation will be spent responding to your questions and comments.

On the screen you'll see the five most commonly asked questions about the conservation strategy: What is it? What is its geographic scope? Who is working on it? What will it look like? And how is -- when is it going to be completed? It says "how" is it going to be completed, but it's "when" is it going to be completed.

Dick.

I was using Dick to do my slides because he was so good at this. I'm having second thoughts (laughter).

MR. DANIEL: I thought you were going to answer the questions.

MARTI KIE: Well, I am but one at a time.

"What it is". The conservation strategy is a comprehensive approach for compliance with the Endangered Species Acts for both the Federal and California and the California Natural Community Conservation Program Act -- Planning Act. The conservation strategy will address the effects of the CalFed Program on listed proposed candidate species and their associated habitats and other species that CalFed has determined to be of interest to the program.

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In all we call those the covered species and there is approximately 150 in the program area.

Conservation strategy will ensure that the program meets some goals that we've recommended for the species and their habitats to the best of our ability given today's scientific knowledge and understanding.

The conservation strategy will help integrate the common programs to improve the species habitat protection and restoration. In that, we will take all the beneficial actions or the restoration actions of all of the common programs and though they may be developed and funded by separate programs they will most likely be integrated and implemented through the ecosystem restoration plans so that we have continuity and consistency in our restoration actions.

"What it isn't?" And this is probably the most important question we get asked it's not a habitat conservation plan as given under Section 10 of the Endangered Species Act. It will form the framework for subsequent habitat conservation plans or natural community conservation plans but it in and of itself will not authorize take.

It is also not a biological opinion. Again, a Federal term under Section 7 of the Endangered Species Act. It will service the biological assessment for a

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programmatic biological opinion at the time of the ROD, but again in and of itself it does not authorize take.

"Geographic scope of the conservation strategy." The focus of the strategy will be on what is called the solution area for the ecosystem restoration program.

It includes the 14 ecozones in the ecological restoration plan. It will also cover whatever potential footprints for storage and other activities of CalFed in other areas that may be directly or indirectly affected by CalFed actions.

"Who's working on it?" The conservation strategy team is a team of CalFed staff, Fish and Wildlife Service staff, Fish and Game staff, National Marine Fisheries staff, the solicitors -- Federal solicitor's office and our Attorney General's Office.

We're the folks that are putting together the actual framework of the staff -- of the strategy. We are working through an informal stakeholder group.

We also put out all of our documents for public review through the two BDAC working groups or workgroups, the assurances workgroup and the ecosystem restoration workgroup, and we are using the input of other groups, such as the deaf team, to help us in our analysis of the impact on the focus species, mostly our fish species.

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The strategy is made up -- or most of the information of the strategy will be held in a data base. Some of you that have seen previous presentations given at some of the workgroups will remember a big bubble graph that was kind of hard to understand and follow so I've listed out what's in the data base in these bullets.

The most important thing of course is the list of species that the program will address. The list of species will have its legal status, such as federally endangered, state endangered, species of special concern, threatened.

We are hoping to have the current population as we know it, the distribution of those populations and any habitat requirements those species need in order to persist through perpetuity.

The data base also has the CalFed specie's goals. The conservation strategy through analyzing the proposed beneficial actions of the program have recommended that CalFed adopt three specific goals for the 150 species that we're going to cover.

The first goal is recovery and there is approximately 15 species on our covered species list that has that, contribute to recovery, there is approximately 28 species that we are recommending we contribute to, and the rest will be maintained. So if you subtract 15 plus 28 out

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of 150 you'll get the species that have maintained. Maintained is that the program will not allow them to decline beyond what they are today.

"Program actions". The conservation strategy in its data base will list the beneficial, detrimental and neutral actions of the program. It will then analyze those program action's effects on species and will then recommend conservation measures for the program to take on. Those conservation measures will be either to maximize the program's beneficial effects, minimize the detrimental effects or mitigate for unavoidable effects.

In coordination with both the C mark group and the ERP strategic plan the conservation strategy will provide the framework for a monitoring program and an adaptive management program for the covered species and their associated habitats. You've heard the term "adaptive management" used a lot here today when it comes to the program. It's the same idea when it comes to looking at what we are doing for endangered species and their habitats, just making sure that what we do out there is monitored, that if we are not doing it correctly, we change our process to make sure that we are getting most for our species that we can.

"How it will work". Conservation strategy is a road map for program implementation. All of the proposed

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actions are linked to or preceded by appropriate ecosystem restoration program actions or mitigation. For example, the ecosystem -- I'm sorry -- the restoration coordination program, through that program we are already implementing some projects that are important for our habitats and species to come up to help in order that we can go ahead and make some other program actions -- I'm not saying this right. We are trying to raise the level of the ecosystem to a baseline so that it can withstand from actions from the rest of the program and not drop below a healthy state more than it already is.

I didn't do a good job explaining that and we'll just ignore it.

We are also looking at the stage one implementation -- implementation of stage one actions. Take authorization provided by Section 7 biological opinion at the time of the Record of Decision for those actions which are ready.

As you saw on the graph that Steve showed earlier we are working on the programmatic document at the same time that we are working on analyzing the subsequent actions that will be implemented in stage one so at the time of the ROD some of those actions that are ready to go at that time will have the proper environmental documentation and permits necessary to go forward.

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This is our current timeline.

Currently we are working on putting together enough information to go on the revised draft for review. We'll have a pretty good process or framework for the process. We are in the process of analyzing the program impacts, both beneficial, detrimental and neutral on 50 of the Delta and Suisun Marsh species. That will be in the revised draft that comes out December, '98.

The final will have a completed conservation strategy and at the time of the ROD, Fish and Wildlife Service will have completed a programmatic Section 7.

And that's all I have for my presentation.

I told you it would be brief and I'm open for questions, comments, suggestions.

VICE-CHAIR MCPEAK: Thank you.

Are there any questions of Marti?

Yes, David.

MR. GUY: I was a little confused with your --

MARTI KIE: I don't blame you.

MR. GUY: -- hint there that the mitigation measures are linked to or preceded by -- or the proposed actions are preceded by or linked to the mitigation measures. As you can imagine the mitigation measures concern the agricultural community quite a bit.

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What exactly do you mean by that? I mean, is there going to be mitigation measures independent of the ACP's that are going to be done under this program? Are you looking at some independent mitigation measures?

MARTI KIE: No.

The mitigation measures would be under a HCP or under a subsequent Section 7 consultation.

What it would be is anything that is necessary to mitigate for an action that has not already been done through other conservation measures, the ERP, whatever the gap is in order to get us to the point that we can authorize take of a species, so it's whatever you understand it to be under an HCP.

We are not doing anything above that.

MR. GUY: Okay, so the mitigation measures would never precede the proposed action then?

MARTI KIE: No, that's not correct.

In most cases prior to -- say, prior to allowing for the -- prior to allowing you to build a house on an endangered species habitat you normally would have have to set aside -- purchased and set aside the same amount of habitat for that species. So the mitigation measure normally precedes.

In this case, because of the type of program we are we can't say -- you know, we can't wait until the Delta

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is totally healthy and functioning on its own with no help from us so we are going to be coming up with a fairly innovative plan. The implementation of the ERP along with the implementation of the short-term projects that we're already seeing now and some implementation of mitigation measures that we can do will occur prior to actions, and they are occurring now.

MR. GUY: Hmmm, okay.

MARTI KIE: But it's not above anything that is legally necessary under any of the Endangered Species Acts.

MR. GUY: Okay.

VICE-CHAIR McPEAK: Byron.

MR. BUCK: That was a good presentation.

Given that you said that the conservation strategy does not in itself allow take, it doesn't produce a biological opinion, it's not an HCP, the assurances that water users are looking for that they have a stable level playing field through stage one is actually going to have to come through subsequent biological opinions and/or HCP's at discreet point sub stages within the stage one, is that correct?

MARTI KIE: I think so, if I understood you correctly, yes. We are looking at this right now from a programmatic standpoint and the programmatic actions

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aren't specific enough to totally analyze their effects on the species. But we will have all of the biological information, we will have of analyzed the programmatic actions to the point that we can, and, therefore, when we start to analyze the stage one actions, the ones that are going to occur and the bundling that we were hearing before, the ones that may occur in year one to three, all of the biological information for the species will be done. All we need to do is plug in the specific action itself, the specific impacts on the species and if there needs to be a tweak somewhere for a specific mitigation measure or conservation measure. So it ought to move right along with the programmatic and it ought to be totally streamlined all the way down the line, hopefully for the next 30 years.

MR. BUCK: But until you look at those individual bundles we are not going to know whether aggregate supply in terms of consumptive use is going up or down with each bundle? It's going to be on a case-by-case, hopefully within the whole strategy it stays stable but you can't make that commitment until you looked at the specific bundles on a project specific level?

MARTI KIE: I think so. I'm having a little hard time hearing you, but I think so.

VICE-CHAIR McPEAK: Any more questions to Marti?

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MARTI KIE: You guys are a good group.

VICE-CHAIR McPEAK: I don't see anyone. Thank you, then, very much.

MARTI KIE: Well, thank you.

VICE-CHAIR McPEAK: And that -- I think what we were hoping that we would also get comments from anyone in the audience that's been working on this but particularly in particular Wiley Horne and Cynthia Kohler.

Is Wiley here in the audience at this point?

A SPECTATOR: He was here.

VICE-CHAIR McPEAK: He's where? He's in Stockton somewhere. Okay.

EUGENIA LAYCHECK: We are trying to track him down.

VICE-CHAIR McPEAK: Pardon, Marti?

MARTI KIE: He was here earlier.

VICE-CHAIR McPEAK: We saw him wander in and out.

MS. LAYCHECK: We are trying to track him down.

VICE-CHAIR McPEAK: Oh, good, okay. Is Cynthia here?

MS. LAYCHECK: No.

VICE-CHAIR McPEAK: No. Okay, somebody is actively out trying to get Wiley.

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We'll take him when he comes but I think, Dick, you are scheduled to be up next, anyway, right? And we're going to do an ecosystem program update. I think I know what ecosystem means but I won't be off on that one.

MS. BORGONOVO: I've been invited to introduce what Dick is going to say.

VICE-CHAIR McPEAK: Oh, no wonder he was looking at me in a crazy way. I'm sorry Roberta. Roberta is Chair of the Ecosystem Restoration Work Group.

MS. BORGONOVO: The corps team of scientists that has been hired to take another look at the Ecosystem Workgroup has come up with a strategic plan for ecosystem restoration and it came before our Ecosystem Workgroup this past week. It's up to -- up for review and comment, but what I wanted to point out was that Hap Dunning and I have agreed that on October 6th we will have a joint meeting of both the Ecosystem Workgroup and the Assurances Workgroup and I would expect people like Cynthia Kohler and Wiley Horne to be at that meeting.

So what we will be doing in the morning on October 6th is we will take a look at the strategic plan for ecosystem restoration and then in the afternoon we will have a joint meeting between the Assurances Workgroup and the Ecosystem Workgroup so it's open to the public. We hope that people will come and we will also invite the

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corps team of scientists who put together this strategic plan for the ecosystem restoration and they did it in terms of trying to explain a lot of the reasons behind the actions that are presented so we hope that some of them will be able to come and comment and explain to the public any questions that arise and we will try to also between the two workgroups take a look at some of those issues that are in both the Assurances Workgroup and in the Ecosystem Workgroup.

Perhaps Hap would like to comment, also, because he also had a workgroup this meeting.

MR. DUNNING: No, I have nothing.

VICE-CHAIR McPEAK: Now Dick.

MR. DANIEL: Now I'll proceed a little bit with an update on where we've been all summer and what we've accomplished to date. Of course, there is a great deal of interest in strategic plan and I'll go into that in some detail, but first, I'd like to let you know that we have been reviewing and responding to the comments that we received as a result of the review under the programmatic Draft EIR/EIS. That has resulted in some changes to volume one of the document. One specific change that comes to mind is a fairly substantial revision of our vision for steelhead trout in the Central Valley, and we've collaborated with the National Marine Fisheries Service to

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develop that. We've made some changes to volume two primarily in the area of responding to very specific or detailed comments from landowners, water managers out in the ecozone where we mistakenly incorrectly used numbers or made some assumptions that were inappropriate and many of those revisions are complete now.

I've also written responses that will eventually go out to the comment letters that we received on all of the issues that relate to the ERPP.

A couple of key documents have been put out for review by the BDAC Ecosystem Work Group and the agencies just recently.

The first of those is a draft of indicators of ecosystem health that was prepared by indicators team that included both agency and stakeholder representatives.

This draft which was put in the mail on the 1st of September, covers large scale, broad scale, watershed indicators of ecosystem health and ecosystem smaller scale indicators of ecological health.

We are continuing to work with the C mark group to develop management level indicators of ecosystem health and working through the environmental defense fund and a team of experts that they brought together to come up with the top ten, if you will, indicators of success in the ecosystem program.

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We think this is an important document. We've asked people to get their comments back to us by the 30th of September so that we can refine it. Included as part of the documentation for the revised draft programmatic EIR/EIS that's going to go out in December.

The second document that we sent out, again for limited review, is the strategic plan for ecosystem restoration.

As Roberta mentioned we brought together a group of six corps scientists to put together this plan independently of CalFed staff.

They worked very hard over the summer and very effectively to put together what is now about a 170 page document that deals with quite a number of the important issues relative to implementation of the ERPP.

They present in their working draft document what I think is a very informative discussion on the concepts behind adaptive management and how it ought to be implemented.

They prepared for us a brief historical picture of ecological history of the Central Valley and the Bay-Delta and put it in the context of a model to look at as you go forward with plans to rehabilitate the system.

They also interjected a considerable amount of reality into the document in terms of talking about

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opportunities and constraints that are associated with the large population of California and the fact that the population is going to grow.

Structures such as dams, they are not going to be removed, and competing interests for water.

In that opportunities and constraints section they presented to us 12 issues that are key to the scientific understanding of the system and help us focus future research and experimentation in the system.

They developed a new set or a refined set of strategic goals for the program. There are now six, and they have placed a substantial new emphasis on evaluating the effects of and preventing additional impacts by exotic species in the system or introduced species into the system.

Also, they thought it was very appropriate that in our goals we placed considerable additional emphasis on the role of toxic contaminants in the environment and how it affects the species that we are concerned about.

They developed a very comprehensive suite of strategic objectives for species in the system, very, very comprehensive.

It goes a great deal towards providing the quantified objectives that have been sorely needed in the program. There is a great deal of specificity in that

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objective section.

They talk about long-term objectives, near-term objectives, and what I think is very important for our understanding of the program the expectations that we would have through implementation of stage one, and so they broke it down into those three basic time strategies.

They also developed more language, more understanding, a more cogent argument for the need to go forward with an ecosystem and broad based approach in our environmental restoration and rehabilitation. They provided us with a considerable amount of understanding on how to go about staging implementation and the establishment of biological and process priorities.

They did considerable work on conceptual models, which you might recall, was a suggestion that came out of our scientific review panel that we held last October.

We provide in the document a number of examples for conceptual models and discuss in some detail how having a idea translated into a conceptual model helps you set up an adaptive management program where you can probe the projects that you implement and gain considerable information from conducting each one.

As you might well imagine as scientists they focused a great deal on the appropriate monitoring that is

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needed, the research that ought to be implemented in the program, and recommendations for scientific oversight and peer review as we go forward with the program.

They also dealt at some length on institutional concepts, which will be a considerable amount of the focus on the joint Ecosystem and Assurances Workgroup meeting we are going to have.

Their focus was on the scientific aspect of the implementing institution, and it seems to be quite compatible with concepts that have been developed in the Assurances Workgroup to this point.

They also talked about scientific dispute resolution.

There are sections in the document that give you some very specific examples.

We used Deer Creek and spring-run Chinook salmon as an example as to how adaptive management might work, how conceptual models can be applied, how monitoring and research can answer questions in a specific geographic area.

The document ends up with some discussion on regulatory compliance. One of the scientists that participated in our program is a specialist in that area and brought a great deal of additional insight to the staff and to the program as to how we need to plan to obtain

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permits to go forward with the environmental restoration.

In the final chapter of the document in its current stage our criteria for evaluation of projects as you go forward with staging the implementation, the kinds of questions that you have to ask before you fund a project and before you go forward with it and the kind of information that you ought to try to derive from each project that you bring together.

As I said, we've sent this document out to the BDAC Ecosystem Work Group as our sort of internal check and balance system for review.

It has gone to the CalFed management and policy people as well.

We intend to do some revisions to the document and improve the editing. We didn't have much time to do editing and circulate it as an agency administrative draft in the October time frame such that we can have it refined in time to print it up and present it as part of the programmatic EIR/EIS.

I can answer any questions about that right now.

Then I want to add, we are going to give you a very specific and detailed example of one of the ways in which we can use biological data to measure progress in the ecosystem, and I think it's very illuminating and I've

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asked Terry Mills from our staff to bring that to you this afternoon but I'd just as soon answer any other questions you have right now before that presentation.

VICE-CHAIR McPEAK: Are there questions of Dick?

Yes, Stuart.

MR. PYLE: Dick, I've gotten all of your documents that you sent out but I failed to -- or I'm sorry to report that they haven't gotten my attention the way the preferred alternative documentation has, but I think they all look good.

The question I have about your scientific panel, are they strictly involved with your future long-range programs or are they in any way involved in any of the current '97 and '98 project actions that you have going on?

MR. DANIEL: It has been suggested that they might compose part of a team of independent scientists that will review the category three or the early implementation funding.

I don't know if they have time to do that. They are specialists that are very much in demand but that suggestion has been made, that they avail themselves of an opportunity to take a look at the process and the projects that are going forward in early implementation.

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MR. PYLE: It would seem that there is a chance to begin to learn your adaptive management, your monitoring and response, et cetera, et cetera.

MR. DANIEL: No question about the benefit. It's a matter of their availability.

VICE-CHAIR McPEAK: Any further questions to Dick or Roberta? Let me ask one to both of you.

I'm going to get a copy of the document and read it.

Are you pretty confident that the qualitative -- the qualitative objectives are quantified sufficiently in this document now that we could rely on it to monitor ecosystem performance?

MS. BORGONOVO: There's still work to be done, isn't there? Always.

MR. DANIEL: A biologist never insists that he has enough data, ever. We've certainly gone beyond the programmatic level of documentation.

We've certainly gone well beyond the theoretical objectives that we talked about in the past.

In many cases there are no numbers that can be associated with these objectives because people don't know, but I think in terms of long-term, near-term and perhaps most importantly stage one expectations most people will find this document quite satisfying -- they may debate

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where we have numbers, they may debate some of the priorities that are discussed in here but I think most people will be quite satisfied that the level of detail has been stepped up considerably.

VICE-CHAIR McPEAK: Richard.

MR. IZMIRIAN: Last time we had some discussion about the indicators in your input/output models to look like some of your outputs should have been inputs.

Has this been developed any further?

This has implications for how well things should be measured as far as actual restoration.

MR. DANIEL: There is a whole section on conceptual models in the strategic plan that came about both as a result of the corps team's work and as a result of a two day workshop that C mark group sponsored on our behalf where they brought in scientists from other systems who have had considerable experience and we discussed and debated how to develop these conceptual models and how to present them and most importantly how to use them.

I think that we've gone a long ways in terms of exposing scientists that work in the system to the need for conceptual models. Heretofore their has been little development of these conceptual models. Some of them are very simple, many are very, very complex and as one of the scientists at the workshop stated they are all wrong

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because one scientist's idea is his or her hypothesis and until you've tested it in the system you don't really know if it's right. But I think we really elevated the level of discussion, not just directly surrounded with CalFed but in terms of all the people who have been and are working in the Bay-Delta system introduced a new level of science that was always sort of underlying all of this that is now being exposed to the public.

VICE-CHAIR McPEAK: Okay. Any further questions?

Can you tell me then what might be additional outflow that would be needed on the average?

MR. DANIEL: Let's see, what did you say? Somewhere between a quarter of a million and 750,000 acre feet.

VICE-CHAIR McPEAK: Yep, that's what I said.

Am I in the range?

MR. DANIEL: You're right on.

VICE-CHAIR McPEAK: Yes, that's what I thought.

MR. DANIEL: Yeah. Very early on -- in large part because of the amount of work that had been done before CalFed was even put together we started talking about the need for about 400,000 acre feet of dedicated

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water supplies for fish and wildlife restoration in the system.

VICE-CHAIR McPEAK: This is above the 800,000 shipped from the CVPIA, right?

MR. DANIEL: Above the 800,000. We've done some modeling of that on a programmatic basis and that number seems to be fairly solid but until we see what the response of the system is that's an educated estimate.

VICE-CHAIR McPEAK: Okay. Okay.

MR. DANIEL: With that, once again I'll introduce Terry Mills. Terry is certainly most of the brains and the vast majority of the work behind the ERPP. He's developed a presentation on how one looks at winter-run Chinook salmon populations in the context of what we are trying to achieve in the CalFed Program. I think it's very informative and I'm looking forward to your response to what he's got to say.

TERRY MILLS: Thank you. Sounds like I'm wired correctly.

As Dick indicated, I thought it would be of interest to this group to talk about ways that we might evaluate population health for some of our species.

Earlier Sunne made use of a phrase in one of her sentences that dealt with environmental stress, and that applies to winter-run Chinook salmon and me.

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I want to tell you about a personal tragic incident that happened to me today. You'll probably laugh when I tell you, but it kind of stressed me out. I was running a little bit late so I stopped at a fast food restaurant to get lunch. I placed my order, went to get my wallet out of my pocket, and I looked up and the young lady that took my order was staring at me. She goes, "I was just trying to figure out how old you were". So she rang it up, I went over and waited, and I looked up at the prices for the -- for what I purchased and I looked at my tag and it was quite a bit less and I noticed that she had given me the senior citizen discount. This is the third time this has happened so this is a trend that I've got to deal with.

But there's some trends here in the winter-run Chinook salmon that are of interest, too.

Winter-run is a State and Federally listed endangered species. It's been one of the real driving species in the development -- or the CalFed program. The National Marine Fisheries Service has put together some proposed recovery goals for winter-run Chinook salmon that deal around having a minimum population size of at least 10,000 females or more than 20,000 fish annually spawning and they use a term called maintaining a cohort replacement rate of greater than one. That means that the population

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growth over time isn't declining. It's either holding its own or increasing and one of the other recovery requirements that has developed a more accurate means to measure the number of winter-run Chinook salmon that are in the system.

In terms of looking at the health of winter-run we can consider how close we are coming to meeting the goal of 10,000 females or use 20,000 total fish in this example.

When we look back to the late '60's there were a very large number of winter-run Chinook salmon, somewhere around 120,000. We went through what we call a precipitous decline over the next 25 years, decreasing at about 70 percent per generation until they were listed as endangered species in 1989.

In recent years or when we compare the current population numbers with the recovery goal we certainly get the impression that we are not doing very well in terms of trying to manage the system or restore winter-run Chinook salmon. They have been at a low level for quite a while. It looks like they are staying at a low level.

We did have what we call a good return in this more recent year in '98 with around 2600 fish.

What that graph really doesn't show you is the details on the more recent years so he just kind of blew that up to make it larger so you could actually see what

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the population trends have been for the last ten or 15 years.

The low point in winter-run numbers were in '91 and '94 with populations of less than 300 fish.

But since then it looks as if winter-run are responding to a lot of the measures that have been implemented for their protection. So in terms of assessing health we can figure out partially where we go going by looking at population numbers and still it's not quite adequate to let us know both in the short-term and the long-term as to whether we are actually making progress or sufficient progress towards recovery.

In the ERPP and in the winter-run recovery plan we talk about cohort replacement rates of greater than one.

I thought I'd give an example of how this is calculated. A cohort replacement rate is simply the number of parents that come back to spawn in one year and we go out and monitor for the subsequent years to figure out how many of their progeny come back in subsequent years. You have to keep in mind that winter-run come back at age two, age three, age four and age five. So two years later we would count the number of fish that come back at age two, three years later the number of their progeny that came back at age three and so on.

So don't be intimidate by that formula. It's

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just an addition.

For example, if we started out with a parental population of 150 fish and we have a good monitoring program and we find out later on that 150 fish returned at age two, 175 returned at age three, and 25 returned at age four, which is real similar to the way winter-run come back, they're primarily age three fish, very seldom do you see an age five.

We add all those up. We had 300 fish return from that one parental group and we divide that by the number of parents, and we have a cohort replacement rate or a population growth rate of two. So when the National Marine Fishery Service or CalFed in the ecosystem program talk about maintaining a cohort replacement rate greater than one that just means that we are either trying to maintain the existing population levels or to make sure that populations are expanding. Now, if we use that idea about cohort replacement rates and go back and look at winter-run Chinook numbers over the years we find that during the period of the mid-sixties through about the mid-nineties it has been generally declining.

It's quite good to go back and compare that to what the population numbers were during the same period.

We had some very large populations in most of the latter half of the '60's.

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But then when we can compare it with what the cohort replacement rates were during that period it's very obvious that the population was declining.

So in terms of National Marine Fishery Service recovery objectives right here at the one line is what we want to be at or above (indicating).

Now, it's interesting to note that it was listed as an endangered species in 1989. There's biological opinions that were issued and there were a lot of protective measures that were implemented and you can see that since it was listed the cohort replacement rates have been on the positive side except for one year where it was slightly below one.

This is a very good indication that we've been pretty successful in the measures that we've implemented in terms of Shasta temperature control, remediation of toxics from Iron Mountain Mine, the operation of Red Bluff diversion dam, the protective measures at Glenn-Colusa Irrigation District, and reoperation of the Delta and a whole variety of other actions as well, but you can see that when we compare population numbers and cohort replacement rates, that neither one is quite sufficient by itself to tell us the health so it would probably be of interest to look at what do we get when we compare population numbers and when we compare annual population

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growth rates or replacement rates.

And when we look at those two measures put together we get a graph that really didn't make too much sense to me.

It's not that type of graph where you can plot a line through it. It's not quite clear what it might display, but if we went back to the idea of highlighting 20,000 adults and a replacement rate of one, we would get an idea of how all these points stack up, but it still doesn't quite give us all the information that we want. We'd like to know almost by year where these numbers fall out.

Then we come up with a really busy overhead like this one (indicating) that is the same graph that I showed the last two.

On the left hand axis we have increasing population or cohort replacement rates -- I mean replacement rates -- and then on the bottom we have increasing population sizes. And again we have our line at one. In fact, this one I've divided them into four quadrants. The red quadrant is called the extinction quadrant. That's the situation where we have very low populations and the population growth rate is declining and that's pretty much the situation we were in when the winter-run was declining and when it was listed. In

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quadrant two, the orange one, is that we have populations that are larger than 20,000 but this is a situation when the replacement rate was less than one so they were headed towards -- it was a declining population.

You'll note that in 1967 I highlighted that dot because that was one of the highest number of fish that we had returning but still the replacement rate was less than one. So an assessment would be large populations don't necessarily mean that you're safe. You need to look at more than just population numbers.

I thought it of interest in the blue area, which I call the rebuilding zone is that the replacement rates are greater than one but the populations are less than the recovery goal of 20,000 and that's pretty much where we've been since winter-run were listed as an endangered species except for 1992. You can see that '89, '90, '91, '93, '4 and '5 the cohort replacement rate had been above the line in the area that we would want.

In terms of looking at the status of winter-run, its trends and trying to project or come up with some sort of trajectory as to where we are going with winter-run this might be one way to assess what we've done, where we are and where we are going. Certainly for winter-run we need to be in the green zone. Recovery goals state we have to have a population of greater than 20,000.

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We have to have a cohort replacement rate of greater than one and the recovery goal also says we have to do that for 13 years consecutively before we can consider winter-run Chinook salmon be listed.

What this really is is a very broad landscape view of what's going on the Central Valley. It doesn't give us an assessment of the quality or benefits from any individual action. It doesn't tell us how much we've gained from reoperation of Red Bluff diversion dam. It doesn't tell us how much we've gained from screening all the large diversions but at the very broad population level it tells us that the measures that we've implemented at the ecosystem level have had a very positive benefit on winter-run Chinook salmon.

So again if we went back to look at the original graph our assessment might be that we are really not doing very well in terms of recovering winter-run when indeed -- if we filter that with a view of what have the recovery or the replacement rates been over the period we get an idea that maybe we are doing better but when we integrate the two it may give us a fairly accurate assessment of where we've been and where we're going. This is a very simple, straightforward approach and it can be applied to other fish stocks as well. So some of the attributes of this approach really ties to -- I think Dick

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mentioned earlier the discussion of indicators is that this particular assessment uses existing recovery goals, it's metric based, that means we actually go out and collect data to develop -- to use in this. I think in terms of how we could present the information this is -- it has maybe one new concept but basically it's a fairly straightforward presentation. It could be applied to all of the other Chinook runs in the Central Valley. In fact this is kind of my Beta testing version. I've put together cohort replacement rates on these kind of charts for all the stocks in the Central Valley. Other people can do it and it provides an ecosystem level evaluation or indicator.

Probably some of the next steps if we decided to pursue this one is that it certainly needs peer review because I'm aware of some deficiencies in the approach that I used. It's very strongly based on actually knowing the age of the fish when they return. That information is available. I just didn't have the time to call it all out and to put it into my worksheets.

And probably from there if there is any questions or comments on whether this is on track or whether you stumbled over some of the ideas here I'd like to hear it.

VICE-CHAIR McPEAK: Thanks, Terry. Eric.

MR. HASSELTINE: I have at least two

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questions. On the escapement chart you had, that was the total fish, right?

TERRY MILLS: That's correct. That was the total number of fish.

MR. HASSELTINE: Total fish in any one year. Then on your CRR calculations you divide the total fish into the age of the different fish and are these fish tagged or something, how do you do that?

TERRY MILLS: It's very important to break the fish into their age for this particular analysis. Typically age structure changes year-by-year. One year there might be a lot of two-year-old fish. Later years there might be a lot of three-year-old fish so it's important if we were to use this to go back and clarify and make pretty certain we have the right age structure.

For winter-run age structure is a little bit simpler since there are basically three ages that we deal with. Looking at all of the population information I had I just use a standard age structure for each of the 25 years of data that I looked at, when in actuality there should be 25 different age structures that are put in there.

MR. HASSELTINE: I'm not following that. How do you differentiate -- your escapement estimate says total fish, right?

TERRY MILLS: That's total fish.

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MR. HASSELTINE: Total fish. Now with the other charts you are taking that in any one year the total number of fish and you are spreading that amongst the age of the fish?

TERRY MILLS: That's right.

MR. HASSELTINE: How do you do that? How do you know how many two year olds there are? How do you know whether the fish that you call a four year old is really a two year old from two years ago as opposed to a four year old from four years ago?

TERRY MILLS: For one thing, Chinook salmon get larger typically as they get older.

MR. HASSELTINE: So it's a sampling procedure of the size of the fish and you get a percentage or something?

TERRY MILLS: That's normally how it's done. When the Red Bluff diversion dam was in operation we had a fish counting facility there where we counted or observed and estimated a hundred percent of the run and some of the observations were made on the size of the fish that were passing. That got divided into age two fish and age three or older.

After the Red Bluff diversion dam went out our population estimates became more inaccurate, but we did have a real good idea of the age structure of the fish.

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We've done scale analysis to determine the age and just from a population point of view you could say that typically 25 percent of winter-run in any year are age two, 40 percent are age three and the rest are age four.

VICE-CHAIR MCPEAK: So a two year old looks different and three-year-old if you're able to look at size and scale analysis?

TERRY MILLS: Right. Well, we have ways to distinguish ages.

MR. HASSELTINE: Interesting. You got anything to do with these falling charts, Pietro?

MR. PARRAVANO: I think there might be some confusion. I see what you're getting at, Eric.

This is an escape -- these are the fish that have already returned, what you're seeing here, and I think what Terry -- Terry, could you put up that other chart where you show the two year olds?

TERRY MILLS: Which one do you want? Do you want the replacement rates?

MR. PARRAVANO: No, the one with the little dots on there.

TERRY MILLS: Well, there's one with dots. I'll find the other one.

MR. PARRAVANO: Yeah, that one.

Okay. Eric, this is the one that's probably

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causing some problems in relating this one.

This is -- these are existing populations that are already out in the ocean.

Is that right, Terry?

TERRY MILLS: No. These are the ones that have returned.

MR. PARRAVANO: Oh, you have two year olds --

TERRY MILLS: We are not estimating fish in the ocean.

All of this based on the actual numbers of fish that we've counted and we have an age distribution for them.

Part of the problem may be that -- maybe I didn't clarify that, say, fish that spawned in 1970, we know how many were in 1970 and if we wanted to figure out the replacement rate for 1970 we have to come back in 1972 and count the number of fish and figure out what percentage of those were age two that came from 1970.

We have to come back in 1973 and count the fish and determine how many are age three that came from 1970, and we have to come back in 1974-'75 and know how many fish there are and count the number of fish that were age four. So we added it up over three years the number of fish that were there at age two, the following year, the number of

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fish that were age three and the following year at age four, and they all have the same parents, they came from 1970. So that gives us an assessment of how successful the 1970 parental spawning population was.

VICE-CHAIR MCPEAK: (Affirmative nod)

MS. BORGONOVO: Eric is asking what is the difference between a fish that was a two year old --

MR. HASSELTINE: No, I'm wondering how you get the numbers that you put on these charts. I mean, the first set of charts that we've seen relative to fish recovery don't have any numbers on them. Now today we've got some numbers and I just want to make sure that I understand them.

MR. DANIEL: These are actual data collected in the field by agency biologists for the most part and as Terry pointed out there are relatively straightforward techniques for aging the fish and then translating that back to the year in which they were born.

MR. HASSELTINE: Okay so this is a statistical sampling somehow? Okay.

The other question I had, and this is a real uninformed question, but is it always -- can you always distinguish the winter-run from other fish or from other salmon and in those declined -- in the years when they had the real sharp decline is that because the fish were lost

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or is there any chance at all that the fish were just traveling at a different time of year?

TERRY MILLS: We have good techniques that identify winter-run. It's based on probably two criteria, one that winter-run are smaller than other fish that may be present at the same time and typically they are approaching the spawning season so they turn from a silvery color to a dark color so based on size, time and coloration we have a very high confidence in identifying winter-run.

Every once in a while there will be spring-run that are present at the same time. Typically they may not be very large fish either but they retain their silvery color for quite a while. And also winter-run do spawn at a very significantly different time than other stocks. So when we get out and look on the river during the spawning season only winter-run would be spawning.

MR. HASSELTINE: Only winter-run? And those same fish will always come back at that same time? They will never --

TERRY MILLS: Over the thousands of years that's how they've maintained their separation from the other fish, is by the time that they enter fresh water and when they spawn, so it's very distinctive.

MR. DANIEL: We've been doing quite a bit of DNA work in recent years, too, that really nails it

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down. Terry, would you put up the four color quadrant one? I want to use your data to make a point.

TERRY MILLS: (Complied)

MR. DANIEL: We have had a lot of discussion in the ERPP process about indicators of success and quantifiable objectives. And part of the reason why I had Terry make this presentation is I think it kind of combines all of those things.

Most certainly our objective for winter-run Chinook salmon is recovery, delisting and a healthy population. That's represented by the green box up there. That's a very good indicator of ecosystem health.

We've also talked about management level indicators so that we can feed information into the adaptive management process.

All of those boxes do that.

The blue box tells us that we are making progress towards our objective and that we are on the right track.

The red box says wait a minute. You'd better re-evaluate what you're doing. You are not achieving anything near your objectives. The orange box might be used to some time off into the future to tell us whether or not we relaxed too much and need to reintroduce elements of the program.

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As a biologist I think this is a very informative way of looking at this information. I doubt that we can develop this kind of tool for all of the species out there but it certainly is a good example.

VICE-CHAIR MCPEAK: How many species are you going to develop it for?

MR. DANIEL: Well, as Terry pointed out we feel pretty comfortable we can do this for all of the Chinook salmon so there would be four races of Chinook salmon. We may -- Terry has been doing some work on different populations of Chinook salmon, the San Joaquin River stocks versus the Sacramento stocks.

I think it lends itself for steelhead trout as well. It isn't the sort of data that would readily adapt itself to an evaluation of Delta Smelt, for example, but many of the terrestrial species might fit into this kind of an analysis. We are using it as a conceptual model if you will to stimulate the thinking of species specialists in terms of how to present the information that they have.

VICE-CHAIR MCPEAK: Okay. Are there any other questions to Dick or Terry or Roberta?

MS. KAMEI: I have a question.

CHAIRMAN MADIGAN: Yes, Rosemary.

MS. KAMEI: Yes, I'm just trying to understand this and I apologize that I haven't been following your work very closely but I was wondering in terms of -- you're saying that we want to be towards that green quadrant, is where we want to see the recovery happening. In terms of data it seems to me like you'd have to have so much data and constant sort of monitoring to say whether or not you're there. I'm wondering if all of this work is done just through sampling or is there a set procedure that is sort of the normal thing that you do to determine where you are?

MR. DANIEL: On Terry's first graphic he pointed out that one of the essential elements of pursuing this kind of an analysis is that you have adequate or excellent data on population sizes.

We don't have in very recent years, and this is part of the irony of the way we work, in the recent historical past with the presence of Red Bluff diversion dam all of the winter-run Chinook salmon that were going to their spawning grounds had to pass through a fish ladder and get over the Red Bluff diversion dam. They struggled to do that.

In the process of going through that fish ladder they were observed by biologists and actually photographed with video cameras. We had excellent data. But Red Bluff Diversion Dam was an impediment to the successful upstream migration of those fish and the

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downstream migration of their juveniles and as a result of a lot of effort the gates at Red Bluff diversion dam are now raised during the majority of the time when these adult salmon are moving upstream.

We've lost that specific ability to count these fish so we have to reinstitute some way of getting better counts now because we don't want to sacrifice the survival of those fish just so we can count them and we are working on that, and if anybody's got access to the military establishment and all the neat gadgets they've got I'd love to find a way to count fish eggs in 12 feet of extraordinarily cold, turbid water using some kind of an aircraft. That would be a great thing to have.

And I read every Clancey book looking for something like that. This is monitoring that has been ongoing for fisheries management purposes for many years. There is a very large body of data. It continually gets refined. We count the daylights out of salmon in California and in this system because it's such a critical element of the management of these fish.

MS. KAMEI: Thank you.

VICE-CHAIR MCPEAK: Stuart.

MR. PYLE: Dick, is there confidence in the data from the 1970's as compared with current data that they're on the same basis?

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MR. DANIEL: The 1970's data was better.
MR. PYLE: Better?
MR. DANIEL: Because of the presence of the Red Bluff diversion dam, because those fish had to negotiate a fish ladder and go past the TV screens and the video cameras, we counted them all.
MR. PYLE: How about the next three years? Are there any strategies in place that give you any hope that it's going to get better?
MR. DANIEL: As Terry pointed out for winter-run Chinook and Chinook in general we haven't waited to implement measures to improve conditions for them. The temperature control device at Shasta has been effective. It's not as effective as we'd like. Prior to the Shasta temperature control device there were some painful manipulations of water releases at Shasta to try and reach temperature control. We now have control of Iron Mountain Mine and toxic spills that used to occur on a fairly regular basis. As I mentioned the gates at Red Bluff diversion dam are up during the principal migratory period for the adult fish and the juvenile fish. We are in the process of screening GCID. We've placed spawning gravels in the spawning area for winter-run Chinook salmon and there are operational constraints that go on in the Delta with regard to operation of the pumps and exports. They're

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specific to protection of winter-run Chinook salmon. And there are harvest restrictions, rather substantial harvest restrictions in the ocean fishery to protect winter-run Chinook salmon and I think we are seeing the results. It's going to take a long time to build this minuscule population back up to something in excess of 20,000 fish, but we are on the right track.
VICE-CHAIR McPEAK: Thank you.
Any further comments or questions?
(No response)
Thank you very much.
Okay. We actually have pretty well worked through this agenda except for Public Comment, and before I go to that let me ask if any BDAC member has an issue you wish to raise or discuss?
(No response)
Okay. Let's start with the one card I have (indicating) for Public Comment this afternoon.
That's Rogene Reynolds. Good afternoon.
MS. REYNOLDS: Hi, Sunne.
The correct pronunciation is Rogene. It's from Roger. The last name is Reynolds. I live on Roberts Island and I just have a couple of observations and they come from the public because I have no official capacity.
This group got this far with the CalFed Program

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because the public doesn't know what's going on. The Delta that I live in, work in, own land in, pay taxes on is not a test tube.
You've heard a lot today about conceptual models. No one has done a conceptual model of the economic impacts in 30 or 50 years of an isolated facility on San Joaquin County.
I attended the ecosystem restoration program project review roundtable. It was a farce. The party is over. You have about two months to come up with a final draft that will solve the problems you've been working on for three years and you have gotten no farther than the arguments and debates today. And I as a public am disappointed. The final fact I will give you is your isolated facility will go through San Joaquin County. There is no public support north of the Tracy pumps for an isolated facility. Thank you.
VICE-CHAIR McPEAK: Thank you.
Wiley Horne had also requested to speak, as did Tim Quinn.
I don't see either of them yet here in the audience and actually Tim expected to be here at 3:30 for the public comment.
Actually, Jack, what do you want me to do there?

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MR. FOLEY: Tim mentioned to me he expected to be here tomorrow, tomorrow morning.
VICE-CHAIR McPEAK: Okay.
MR. FOLEY: And I'm not sure if there is a misunderstanding.
VICE-CHAIR McPEAK: Okay, well, I think you can speak better for Met. -- at least you can speak finally for Met, right?
Okay. What I was going to suggest is that we actually then -- if there is no further questions or comments here, adjourn or at least take a recess until 3:30 and check back in to see if anyone else is back in the room for Public Comment.
In fact, given that's what we published and in order to ensure that we give the public full opportunity according to our published schedule to address us, let's just take a very brief recess and please be back at 3:30. We'll see if any public is here and if not then I'll excuse that side of the room and then that side of the room (indicating).
Okay. We are recessed until 3:30.

(Whereupon a recess was taken at 3:16 p.m., after which the following proceedings were had:)

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VICE-CHAIR MCPEAK: Is there anyone else who wants to provide information about the public hearing -- or meeting? Yes.

VALERIE HOLCOMB: This evening we'll be having a meeting here for the general public of the Delta San Joaquin County. We'll be discussing with the community changes that are being made to the program, how it's been evolving in response to their comments and questions over the last several months and then we will be taking questions from the public as well. We would be very pleased if you would attend the meeting as well. I think it will be instructive for all of you to hear from the public and to participate in the meeting.

We also hope to get some feedback from the public about how some of the suggestions, the assurances that we are trying to come up with, how do those meet the needs of the general public and the meeting is, as Sunne said it will be in this room from 6:30 to about 8:30. We had over 200 people at the meeting out on Robert's Island a few weeks ago so we do expect to have a good turnout. People are very concerned in the area, of course.

VICE-CHAIR MCPEAK: Thank you, and then we'll have a report on that meeting tomorrow at the top of the agenda.

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Speaking of the agenda, during the recess a few of the BDAC members asked about the schedule tomorrow.

Specifically requesting if there was any way to bring the report on financing up front. I'll note it wasn't Mr. Hasseltine who asked that, it was members who want to be here to hear it.

We do have, fortunately, scheduled at nine o'clock a report from the ecosystem restoration program in the Delta and Dick along with Margit Aramburu and Tom Zuckerman will be making a report. Is Tom still in the audience? He left. So we will keep that at nine o'clock because we have specifically invited them to be present and to make that report as is, if you will, outside experts and guests.

But I'm wondering if it's possible, Mary to do any flipping of the schedule then between 9:30 and 11?

Is that possible or does it cause a problem?

MS. SELKIRK: Only insofar as we didn't indicate that on the bottom of the agenda but I think that given that the two items I think that would be affected are both only thirty minute items -- well, actually, Cindy's, the restoration coordination is an hour so I think the answer is, yes, we can do that.

VICE-CHAIR MCPEAK: Okay. I won't -- that's only 45 minutes -- no, 15 minutes, Eric, and

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everybody's late (inaudible).

MS. SELKIRK: I think we are anticipating at least one elected official to come before us in the morning. I think probably we should look at putting finance on at 9:30.

VICE-CHAIR MCPEAK: 9:30.

Will that be early enough, Rosemary?

MS. KAMEI: (affirmative nod)

VICE-CHAIR MCPEAK: Okay. Then for the public members who are here and the members of BDAC what we are proposing to do on this again tomorrow morning is schedule financing at 9:30 in the morning, following the report on the ecosystem restoration program.

All right. Is there -- I've seen Wiley Horne was back in the room. Wiley, have you just left -- no, there you are. He said it was only a rumor that he wanted to speak but since that rumor has now become reality I am forcing him to come to the microphone.

WILEY HORNE: since my name was called before I will just come up and apologize for not being here sooner.

I had very little to say, simply that in working with CalFed staff on the conservation strategy, I think they are doing an exceptional job and they didn't tell me to say that, but they did tell me to say this,

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which I'll say: They need -- 1999 is going to be a very big year and in order to get all of the permitting in place for the actual beginning implementation of CalFed starting January, 2,000, there's going to need to be a lot of permitting activity and disclosure and the like that takes place next year, that leverages off the work that they're doing. I think they are going to be short of resources for what actually needs to be done and so we ought to start thinking about that right now on the conservation strategy.

VICE-CHAIR MCPEAK: Thanks, Wiley. Is there any other member of the public that wishes to address the BDAC group?

(No response)

I was stalling just a little bit because there is again another rumor circulating that Tim Quinn may, in fact, be here wanting to talk --

WILEY HORNE: He's on his way.

VICE-CHAIR MCPEAK: He is on his way? How far away is he? He's on his way from where?

GARY BOBKER: Do we have like a global positioning device?

VICE-CHAIR MCPEAK: We need that, Gary. I'm surprised, Gary, that you don't want to come speak again.

GARY BOBKER: I will if I can speak for

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Met.

VICE-CHAIR MCPEAK: I would like you to present your perspective on Met's position. That might be very interesting. There was a time when somebody forced me to do role-playing with my counterpart in Southern California. It's very illuminating to do that. Maybe charades would help or some other game where we try to break the ice.

Well, perhaps the preference of the group is that we simply adjourn and ask Tim to come back tomorrow then?

Okay. Everyone would like to, I guess, get a little extra time.

I want to thank you all for so diligently engaging in the discussion of the framework today. When we next meet, the new version of the Phase 2 report will be out -- I know we are going to meet tomorrow, but by the following meeting the Phase II report will be out and so we are two meetings away from the end of the year. BDAC is two meetings away from the end of the year and that would suggest that the October meeting -- first of all, count on them, they're two days -- let me just review that schedule for you.

We have calendared for October 29th and 30th a meeting in Sacramento, and again in Sacramento December 9th

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and 10th.

We are intending to be hopefully in a position of BDAC having some semblance of consensus on recommendations to CalFed on that framework by that time.

So I had asked everybody who was unfortunate enough to request to speak this morning where they stood basically in favor of it or -- there's Tim, I knew I could stall long enough -- either in favor of it or largely in favor of it or largely opposed to it. There were some of you who didn't get caught in that grill.

I would hope you would review the document tonight and by tomorrow before we adjourn I'd like to go through it again and sort of find out generally where we're at, so come back to a discussion of that document.

Mr. Quinn, Doctor Quinn, --

TIM QUINN: Tim Quinn would be fine.

VICE-CHAIR MCPEAK: Doctor Quinn, we're waiting for you.

TIM QUINN: That was probably a mistake.

VICE-CHAIR MCPEAK: Pardon?

TIM QUINN: Nothing.

Actually --

VICE-CHAIR MCPEAK: Waiting for you was a mistake, is that what you were saying?

TIM QUINN: That's what I said.

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VICE-CHAIR MCPEAK: I probably agree with you but you are the best thing we had to offer.

TIM QUINN: I had talked to Mary about taking a few moments of your time and I promise only a few moments of your time at this opportunity, she said be here by 3:30, and I was having lunch with Tom Berliner (phonetic) who's always late and that's why I'm late. Briefly most of you know I've been doing Bay-Delta in one way or another for a decade plus and one of the things I have learned in that time period is to have high respect for the fear factors that are out there. They run in a lot of different directions but they are probably the largest when it comes to my organization, Metropolitan, and to Southern California and those fear factors have been rising to the top or, some might argue, being pushed to the top and it seems timely to come and just give you a seven or eight minute update on where Metropolitan is coming from and what we are looking for from this process and what we are not looking for from this process. I don't intend to take very much of your time, but I thought it was worth some of my time to get here. I would be glad -- I will be brief and I will be glad to answer any questions either in public or when the session breaks up.

I have only a few points to make and in deference to Lester and whatever you've endured earlier in

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the day I have only one overhead that I'll get to in just a minute. Three key messages.

The first key message is it will not surprise any of you that Metropolitan is absolutely committed to providing high quality reliable supplies to the economy of Southern California in the next century but we have dramatically changed the strategies through which we intend to do that and it's important that you appreciate those changes.

They have powerful implications for the issues that you all wrestle with.

In a nutshell from our perspective CalFed is about quality and reliability. It is not about quantity and large increases in supply.

Quality, yes. Reliability, yes. Quantity, big increases in supply, no. And that's a dramatic change from this debate in the past.

Second message, that that change in perspective is driven by real things that are happening in Southern California, a commitment to a new water management ethic that wasn't there a decade ago or 15 years ago.

That ethic is not there because we're nice guys. It's there because we were denied our first choice to solve the problem and on the supply side of the equation we have turned to alternative sources of supply.

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Most of you are aware that we have recently cut a historic deal which will cost Metropolitan rate payers roughly in the neighborhood of a billion and a half dollars over the next 20 years, San Diego rate payers will pay more on top of that. We got a modest financial contribution from the tax payers of the State of California in the last session. That Colorado River program is the largest single soft-path investment that can be made to reduce demands on the Bay-Delta system in the future. In addition to that we are spending more money on reclamation conservation, groundwater recovery today than we used to spend on reservoirs. Those commitments are measured in the hundreds of millions of dollars. It is not 5th grade educational programs.

The commitments to the soft-path, if you will, I don't like the phrase frankly, if you go visit the West Basin reclamation plant it's 300 million dollars in concrete and pipes, it looks pretty hard to us, but that has had a dramatic impact in terms of our projected demands on the Bay-Delta system.

One way to put it into perspective, ten years ago I'd have been here explaining to you why decision 1485 which I assume you are all reasonably familiar with, was woefully inadequate. We needed more supplies than decision 1485 was going to be providing to us.

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In the meantime we started to have to deal with the environmental ramification of our projects. D-1485 has shrunk down to what the accord can deliver but with our soft-path investments in Southern California we're pretty close over the next quarter century being able to make it from a supply perspective with what we have in the accord.

And this is where my overhead comes in.0

Randall, overhead (indicating). Thank you.

While we're investing to bring down overall demand levels, which is what this overhead goes to, it's very simple. I asked them to keep it simple. This is your run-of-the-mill water planners projection of demands versus supplies over the next 25 years. What we have now is that roughly four million, that includes local resources, Los Angeles aqueducts and groundwater basins. It includes a full Colorado River aqueduct which we are moving rapidly towards securing for the future and it includes what we are entitled to have delivered to us operating under the environmental sensitivities of the accord.

On the average that amounts to about 1.35 million acre feet that's available to Metropolitan. That's what we have today. That's the real light blue area. Over the next quarter century our population is projected to grow by five million. We are now 16 million Southern Californians. We will be 21 million Southern Californians in the year 2020.

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Let me draw your attention to the little sliver of blue on the top.

That's the additional State Water Project supplies that we need to make ends meet from a CalFed solution and it is only a sliver.

It amounts in year 2020 to about 150,000 acre feet of supplies above and beyond what the system can deliver to us today.

But the rest, the red is water management programs primarily withdrawals from groundwater storage and from water transfer agreements the green is new conservation programs and the yellow is new recycling. The recycling doesn't look as big because we do a lot of that already, that's incorporated into the local supplies, but I wanted to show you this overhead to drive home the point that we couldn't wait for you guys or your predecessors to solve our supply problems. We have invested in alternative sources of supply.

This game is not about additional supplies to Southern California. One caveat, within the blue you will have people who will point out we don't use everything that's available to us under our state water contract today. I'm not talking entitlement. I'm talking about what could be delivered to us under the rules of how the

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system operates under the accord. I would point out that's good news basically. That's true because our demands are low now largely because of investments in the alternative sources of supplies. So rather than thinking that's bad I would encourage you to recognize that that's good. The last point I want to make and you can turn off the overhead as far as I'm concerned, is just because we are not here shouting for more supply does not mean CalFed isn't vitally important to the Southern California economy.

We certainly need to make reliable the supplies that we are going to rely on in the future from the State Water Project and you didn't hear me just say they are not important to us. They are going to continue to be in the range of, depending upon year type, what years we need to get water into storage, like everybody else, we'd like to get our two million acre feet of water into storage. On the average we are looking at only a little more than we could get out of the system today. During dry times -- vitally important, during dry times we're investing heavily in storage, a 1.8 billion dollar surface reservoir, groundwater storage in our service area and with partners in the San Joaquin Valley. During dry times in 1991 or in 1977 whereas ten years ago we were looking for more than one-third of our supplies that come from diversions out of the Delta, when it's dry.

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Today when that same dry time happens in year 2020 we will need only about 12 percent of our supplies to come from diversions from the Delta because of a combination of soft-path investments and investments in south of Delta storage.

So the picture from Southern California has changed dramatically. We have solved those problems we could solve with alternative investments. We have not solved the quality problem. We are going to continue to rely to the tune of a million acre feet or so in the near term on water from the State Water Project. That water is amongst the poorest quality in the nation and if -- I'll tell you if I don't deliver better quality water to my Board of Directors and to our member agencies you will be dealing with someone else in the near-term and we are deeply concerned that CalFed is not committed to improving the quality of water that's delivered to urban California, north and south, and then we also need to make sure that we are assuring the reliability, access to transfers and wet-period storage. So again because I could feel those fear factors rising to the top, out there dealing with many of you over the last few weeks I wanted to spend a big chunk of my day getting to Stockton to take ten minutes of your time to convey to you a message that we think is important. This game has changed from the Southern

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California perspective and we think that those changes are part of the solution in the future and we hope that you will agree.

For those of you who are interested I was inspired in part by a recent exchange of letters with people I won't name and at least our contributions to those or a letter that Woody Woodraskis (phonetic) sent to leadership of the legislature tries to say some of what I just said in a page and a half and I have copies here for anybody who might be interested.

VICE-CHAIR McPEAK: Why don't you send them around.

TIM QUINN: Sure.

VICE-CHAIR McPEAK: Are there questions of Tim? Yes, Hap.

MR. DUNNING: Tim, you mentioned reliance on transfers and cited the San Diego Imperial transfer, how are you going to deal with the Coachella problem?

TIM QUINN: Well, I'm probably not the best person to ask that.

The short answer is I think as I speak people from Metropolitan, from IID, San Diego and Coachella are meeting with representatives of the Department of Interior and they are going to bang out a solution to that problem. We are not going to go back to the blood bath that we've

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been living for the last year-and-a-half.

Mr. Levy is protecting his interests. He was quoted in the newspaper today -- or yesterday, I guess, that he figures it will take, what, 20 years, Jack, and 16 million dollars and he's prepared to spend that money so we take him seriously. And I'm not going to give you the specifics.

The Interior Department has asked for the discussions to remain under an umbrella of confidentiality and I'm going to honor that but I can tell you that the progress we've made has been substantial. No one is willing to take big steps backwards so one way or another they will find ways to resolve the Coachella question.

Just a footnote, the 230 million dollars that the legislature appropriated while I had been working very hard for a broader bond which I think would have been good for this process and for a transfer bill and other things that I also think would have been good for this process, the 230 million dollars that survived, it will go to line canals and it was designed specifically to deal with the quantification problem that involves all the Colorado River agencies. So that is frankly a tool that will make it easier and get to closure and get to yes and deal with Levy's concerns.

VICE-CHAIR McPEAK: Any other questions?

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Yes, Bob Raab.

MR. RAAB: When BDAC met in Burbank in April, I think, we listened to presentations from some of the Southern California business leaders and one expression I recall now is that one leader said that Northern California and Southern California are joined at the hip, and he went on in a way that conveyed to me that the water supply of the north is also the water supply of the south and that there was an expectation that there would be a substantial but unnamed amount of additional Northern California water that would be needed in Southern California and another speaker said that the Peripheral Canal was needed for supply and some of the positions I've read from Southern California and correct me on this if I'm wrong but I think the Southern California Water Committee has the position of wanting the Peripheral Canal and but the recollection I have is that it's in the context of supply.

I'd like to stand to be corrected if I still have a -- if I have an outdated opinion of where Met is and -- rather of Southern California leaders. And maybe the second part of this is are you Metropolitan Water District saying all the same things or do you have some disagreements with what some of these Southern California business leaders are saying?

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TIM QUINN: I'd like to answer that question no, we are all singing the same song but the fact is that we're wrapped up in important changes, big changes. This process is evolving and changing and different people are at different places in terms of keeping up with those changes. A couple of comments.

The first one is my board is going to come out with a policy statement next week that I will make available to Lester so he can make it available to all of you, that expresses some of their concerns about where the process is going and makes it clear that when we look at the technical analysis we think that Alternative Three makes a lot of sense. I guess I avoid the Peripheral Canal label because what we are talking about in a dual system in Alternative Three is miles different from anything would have been in the old 1982 Peripheral Canal proposal, but we do look at the reliability we are looking for, which will come from reducing conflict with the fish and from especially a water quality perspective, not just for public health but for salinity purposes. Salinity is a huge issue to Southern California. We think that the technical analysis suggests Alternative Three has a lot of merit.

Now, at the present time we are not saying we've got to have Alternative Three together, we're supportive of the State's decision making process, although

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we need a lot more confidence that the future stages are actually going to deliver water quality benefits to us. So I did want to make people aware that the Met Board is coming out with an important statement and when they have done that next Tuesday we'll make it available to you.

On the supply questions, there are a lot of people in Southern California who still think complete the State Water Project, get us up to two million acre feet is the goal, ought to be the goal, of the CalFed program. I'll tell you, when I run into those people I say, after we've made all these investments in reclamation conservation to the Colorado River what would we do with two million acre feet of water every year if we had it? Now we want it when it's wet but if we get it when it's wet, if our investments in soft-path alternatives are successful, we know that we do not need as much water as we thought we needed ten years ago and somehow that's got to get thrown into the mix to deal with the fear factors when we come to yes on a big term package. To the extent we need any increased supply, Bob, our analysis is not any different from the CalFed analysis, you don't get much increased supply from an isolated facility. It helps you in terms of reducing conflict with the fish, it can help you with water quality. It's not a supply generator. You have to turn to the market for that, wet period storage for

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that, but you don't get that from the isolated facility. Again, our analysis is right down -- at least on that score, is right in line with what CalFed analysis has been.

Again, I would be more than happy to share as much -- I can bury you in detail of our planning studies that documents what our supply projections look like, what we get today, what we could get today, what we thought we needed in the past, I'll be glad to provide you or anybody else more detail. To drive home the point that from the regional wholesaler's perspective what I told you today is the regional perspective on supply.

VICE-CHAIR McPEAK: Roberta and then Alex.

MS. BORGONOVO: One of the items of debate was the use of public money for what was essentially a water transfer and it seems at odds with your advocacy of free market in the past, but one of the conditions of the -- that use of public money for the transfer was suggested that Southern California would agree to reduce their demand on the Delta by the similar amount that came from that use of public money and that was certainly a part of the debate in the early part of the water bond that got dropped out and it certainly got dropped out when a separate bill went through.

Was there ever any serious consideration that that link would be made towards public money for that

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lining of the canal and Southern California benefiting from 200,000 acre feet and then reduce the demand because what you're saying is you are not asking for the two million, which is part of the projected State Water Project but you are still asking for the million you have, which you're not using now, plus 150,000 acre feet more?

TIM QUINN: That's a good question, and a hard question.

First, we are not investing this billion and a half plus dollars, so we don't use the Colorado River water. I mean, the fact is if we keep the Colorado River Aqueduct full that clearly backs into reduced demands for State Project water. I mean, everyone should recognize that, so that action is in fact facilitating a full Colorado River Aqueduct, which is the single most important thing California can do to keep demands down on the Delta. I find the environmental community intriguing in terms of the subsidies they like and don't like.

Now, I don't see this as a lot different from a subsidy for West Basin reclamation plant, which is hugely popular within the environmental community. This is a very expensive program that we have entered into because of the various circumstances and we got a nine percent contribution. If you look at the overall contribution coming from the state taxpayers it is quite small compared

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to the overall costs of the program. So I'm frankly not embarrassed by it at all and find -- this is so important for developing alternative sources of supply to the Delta I'm frankly quite astonished that the environmental community took the position it took.

On the last element of your question, at least I picked up and if I miss something, Roberta, let me know, right now we've got a broken Delta so your entitlement is worth a lot to you because it drives how much water you get out of an allocation each year of the State Water Project. Some years, during wet years the system can now give us, if we have a place to store it, it can give us a lot of water. I mean, when it's wet you can get a lot of water out of the system into storage. We should be encouraging everybody to do that. During those wet times we want our two million acre feet of water, and you ought to want us to want that and get that because that allows us to divert that water out of groundwater storage or out of East Side reservoir to reduce demands during drought type years, which is a key part of our program. If you're asking would we reduce our entitlement when the Delta's broken and we are going to need that Colorado River water anyway the answer is no.

Now you want to fix the Delta and give us assurances of the water quality that we are looking for, lower salinity, lower bromides, reliable access to a

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transfer market, et cetera, then I think we are willing to talk about -- the label that it's gotten in the CalFed process is export limits during dry years, we are willing to talk about that. We think that's probably part of the mix. But that's part of the package that fixes the Delta, not part of the package in which we're spending a billion and a half dollars on a soft-path investment to reduce demands on the Delta.

MS. BORGONOVO: I certainly wasn't part of the water bond negotiations all the way through but I did go to the one hearing on Tuesday night when there was the terrible news that came from Mike Machado's son, but one of the problems when it was being discussed was there were no details out on what the 235 million would do and what the deal was so I just think that those kind of deals have to be out for public scrutiny if you are going to have public support for it.

TIM QUINN: Again, a good question and that came across our screen and the legislation was written to make it clear that money could go only to line the all American Canal, to line the Coachella branch of the all-American Canal, and 35 million dollars could go to conjunctive use groundwater storage to store the conserved water so it was available for use later, and the use of that money was restricted to those items.

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In particular, none of this money goes to the growers or to the Imperial Irrigation District, to facilitate the 200,000 acre foot transfer to San Diego. All of that money comes from Southern California rate payers, either San Diego county or the rest of Metropolitan's service area. So good point and I think we dealt with it well in the legislation.

VICE-CHAIR McPEAK: Alex.

MR. HILDEBRAND: Tim, I have a comment and a question but first let me compliment you on the progress Metropolitan has made in reducing the per capita use of water and better use of the water that's available to you from other sources.

TIM QUINN: Thank you.

MR. HILDEBRAND: The through-Delta system can be redesigned to give you the water quality you want without causing thereby the jeopardy to the Delta and the degradation in Delta water quality that results if you put in a canal so we'll take care of you that way and it will cost you a lot less money.

The question I have has to do with whether in these forecasts you're making you're including any reverse osmosis or other methods of taking a thousand to 2,000 part water and cutting it back down to usable areas when you're near the ocean and can dispose of the salt easily or are

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you -- I forget what the other item was so I'll skip it.

TIM QUINN: So your question is related to our involvement with reverse osmosis?

MR. HILDEBRAND: Pardon me?

TIM QUINN: So your question was to what degree have we looked at RO as a means of dealing with some of the salt problems?

MR. HILDEBRAND: Does your mix of things to reduce your water demand on the Delta include reverse osmosis of only moderately salty waters like your drainage waters in order to reuse it and where you have new communities being built are you going to put in dual plumbing so you don't have to use drinking water quality to flush toilets?

TIM QUINN: On the latter, dual plumbing, those sorts of things, that is happening to increase the market for reclaimed water so that is something that we are proceeding in doing to expand the ability -- our ability to use reclaimed water. We have a program we call the Local Resources Program. If you come to us with a salty groundwater basin and you can find a way to get rid some of that salt and recover the usefulness of that groundwater basin we will pay you $250 -- $250, compare that to your local water rates -- an acre foot to make that program happen if you need our financial assistance. Now, we use

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various means of desalinating this not quite so salty water. I'm not the technical guy, I don't believe we are planning on using any RO for those things. I could be wrong. The bigger scale RO we have looked at and we have several problems with it. It's hugely expensive, much cheaper for us to look to statewide solutions for dealing with salinity issues.

You have serious problems with brine disposal and they do have the effect of adding to your water demand. The estimates I've seen they vary and people argue about this but you need water to get rid of your brine and that can add by a couple of hundred thousand acre feet to the demands we would be placing on the Delta, which strikes us as a big negative as well. So currently we are doing a lot with brackish groundwater in our resources plan but the bigger scale RO stuff as opposed to getting better quality water from a salinity perspective from the Delta we don't think that it compares favorably.

And by the way, on your comment, Alex, you know, right now we are focused on goals and objectives and we are trying to be as open-minded as we can to staging and how we accomplish our water quality goals. We have grave technical reservations that your perceptions of what a through-system can do but we are prepared to look at how far you can take the through-system as long as we know

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we're in a process that is going to improve the quality of the water that we receive.

And right now, frankly, there is a big cloud over whether people think that's an important objective. So if it's important we can be open-minded to how we accomplish the objective. We are not going to be open-minded to the possibility that we will not get better quality water out of this process.

MR. HILDEBRAND: We can take care of you without a canal and we do not want a canal.

VICE-CHAIR McPEAK: That's your concluding statement, right?

And on that note, thank you, Tim, for being here.

TIM QUINN: Thank you for waiting.

VICE-CHAIR McPEAK: We are hereby adjourned until 8:30 tomorrow morning in this room.

Take your things with you since this room is being used for the community meeting tonight. See you all tomorrow.

(Whereupon the BDAC Meeting recessed at 4:10 p.m.)

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

We, THOMAS LANGE, and, SUSAN PORTALE, Certified Shorthand Reporters of the State of California, do hereby certify:

That on the 10th day of September, 1998, at the hour of 9:07 a.m., we took down in shorthand notes the said Bay-Delta Advisory Council Meeting; that we thereafter transcribed my shorthand notes of such proceedings by computer-aided transcription, the above and foregoing being a full, true and correct transcription thereof, and a full, true and correct transcript of all proceedings had and testimony given.

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Certified Shorthand Reporter in and for the
County of San Joaquin, State of California

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